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Tuesday March 6 1990

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FOREIGN AFFAIRS

Secure and recognised boundaries

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World News

Bhopal gas victims paid compensation by New Delhi

More than five years after the Bhopal poison gas disaster, India announced an interim relief programme of Rs3.6bn ($218m) for its victims.

More than 2,500 people were killed near the pesticides plant and nearly 1,000 more have died since but none of the $470m paid in 1989 by Union Carbide to the Indian Government as compensation had been passed to the victims. Background: The victims who waited five years. Page 5

UK sewage policy

Britain intends to end the dumping of sewage sludge in the North Sea by 1998 and to phase out the discharge of raw sewage into the sea "as soon as practicable", Chris Patten, the Environment Secretary, said. Page 20

Troops for Ciskei

South Africa sent troops to the black homeland of Ciskei to quell unrest and support black nationalist rebels who took power in a coup on Sunday. Page 4

US talks with Iran

The White House confirmed that indirect contacts were taking place between the US and Iran aimed at securing the release of American hostages in Lebanon. Page 6

Sandinista warning

A Sandinista leader warned that civil war and chaos would engulf Nicaragua if the new pro-American Government attempted to break up the Sandinista army and police force.

Fabius moves ahead

President of the French National Assembly, Laurent Fabius, won a narrow lead in the struggle for mastery of the French Socialist Party. Page 3

Ethiopia reform call

President Mengistu Haile Mariam of Ethiopia called for his country to abandon its rigid, centrally-controlled economic system and introduce market-based policies. Page 4

Indian bribery case

Indian investigators filed preliminary charges in a New Delhi court alleging corruption in a 1981 deal to buy submarines from a West German company Howaldtswerke-Deutsche Werft. Page 5

Kashmir killings

Six people were killed in gun battles between Moslem militants and paramilitary police when Indian authorities briefly lifted a curfew in Kashmir.

Italy complains

Prime Minister Giulio Andreotti is expected to complain that Italy and other Nato allies are not being consulted over German unification, during talks in Washington this week with President George Bush.

Romanian drug haul

Romanian customs officials seized more than nine kilogrammes of hashish, the first drugs haul to be reported by the country's state media.

Pakistan earthquake

An earthquake destroyed mudhouses in Pakistan's southwestern province of Baluchistan, killing five people.

Nepal papers seized

Nepalese authorities seized this week's editions of Time and Asiaweek, the international news magazines, preventing readers from learning about the widening pro-democracy movement. Page 4

Ceausescu palace

A forgotten palace at Cotroceni, secretly restored by executed dictator Nicolae Ceausescu, has been rediscovered in Bucharest and looks set to become a gem of central European architecture.

Business Summary

ICI seeks power to buy back 10% of its shares

Imperial Chemical Industries, one of Britain's largest industrial companies, announced it was seeking powers to buy back up to 10 per cent of its shares.

ICI's move came in the wake of similar action by a number of UK companies, unhappy about the level to which their shares have fallen over the past couple of years. ICI stressed that it will only use the powers – which need approval from shareholders at the company's annual meeting in May – to enhance earnings per share. Page 21

MARKETS: The Dow Jones Industrial Average had lost some ground on mild profit-taking by lunchtime, after drifting during the morning within a range of 10 points above and below its previous close. Paris made a moderate advance in thin trading, with some leading blue chips rising in reasonable volume. Amsterdam edged up in a quiet session, as the CBS tendency index rose 0.4 to 107.3. Markets, Back page, section II

BELGIUM and Luxembourg abolished the double exchange rate for their franc, as part of the European Community's move to capital freedom in four months. Page 20

UK consumer borrowings leapt to record levels in January, dashing market hopes that excessive credit growth was being squeezed out of the economy. Page 11

EUROPEAN Community said the Uruguay Round of talks held under Gatt "must lead to the elimination of unilateral measures developed over recent years which run counter to the multilateral economic system." Page 20

MOTOR industry: East European car sales could double over the next decade from their current 2m, says Mr Louis Lataif, president of Ford of Europe. Page 11

EAST German central bank president Horst Kaminsky indicated that monetary union between the two German states might take only a few months. Page 3

INTERNATIONAL Monetary Fund recommended Israel should either devalue still further, or it should liberalise its capital and labour markets. Page 4

FRENCH head of GEC Alsthom, the British-French heavy engineering group, has launched an attack on the UK Government and the power station procurement policy in Britain, warning that it will cost UK jobs. Page 10

ARGENTINA'S Economy Minister, Antonio Erman Gonzalez, announced a range of economic measures which, he said, would cut public spending by $2bn and increase tax revenues by $600m during 1990. Page 6

NATIONAL Westminster Bank, last remaining UK bank to carry an AAA credit rating on all its debt securities, has had its subordinated debt downgraded to AA+ by Standard & Poor's, the US credit rating agency. Page 27

TEXTILES: Developing countries rejected a Canadian proposal aimed at removing the impasse in talks on the reform of world trade in textiles and clothing, and urged the EC to table its ideas. Page 8

US is moving swiftly to lead multilateral efforts to liberalise export licensing procedures for western technology sold to emerging democracies of Eastern Europe. Page 8

MOTOROLA, US electronics and semiconductor manufacturer, is determined to transform its loss-making computer business into a new profit source with the introduction of a range of office computers. Page 24

West Germany and Japan under increasing pressure to raise interest rates ● Political fears hit sterling

Central banks drive the dollar lower

By Simon Holberton, Economics Staff, in London

THE CENTRAL banks of the Group of Seven leading industrialised countries yesterday intervened successfully to drive the dollar lower against the D-Mark and the yen, but their efforts failed to stifle expectations of a rise in key West German and Japanese interest rates.

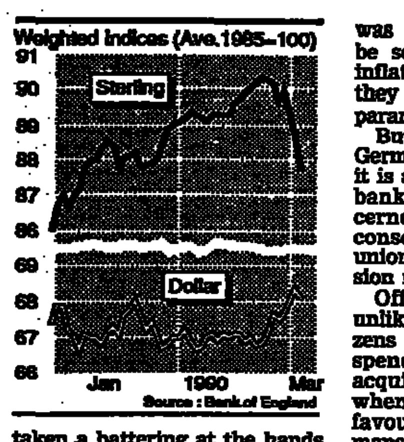
Central bankers estimated that the European monetary authorities sold up to $1bn, with the West German Bundesbank accounting for half that sum.

The intervention was at least temporarily successful and in London the dollar closed below Friday's level against the D-Mark and the yen. In trading later in the day the US Federal Reserve entered the market to buy D-Marks and yen.

Analysts said the dollar yesterday took on the appearance of a "safe haven" currency as investors' disenchantment with the West German and Japanese currencies grew. The dollar rose because investors did not want to hold D-Marks or yen – not because the dollar was attractive in itself, they said.

The monetary authorities of both countries are under increasing pressure to raise domestic interest rates. A rise in the official discount rate in Japan is expected shortly in an attempt to support a flagging yen and depress inflated assets prices.

The currency and bond markets, fearing the consequences of German monetary union, are also putting pressure on the Bundesbank to raise its interest rates. Monetary officials outside Germany said a German interest rate rise was necessary to restore credibility to the Bundesbank which has taken a battering at the hands of its political masters in Bonn.



Officials in Frankfurt were, however, dismissive of financial market concern about German monetary union. They scornfully pointed out that it was irrational for analysts to be so worried about German inflation when, just a year ago, they were criticising German paranoia about inflation.

But as talks between the two Germanys progress on union, it is apparent that the Bundesbank has become less concerned about the monetary consequences of a currency union based on a 1:1 conversion rate for cash and savings.

Officials argue that it is unlikely that East German citizens would go on a massive spending spree with newly acquired D-Marks, especially when currency union at a favourable rate to East Germans is likely to produce quite high levels of unemployment.

The pound was a clear loser in a day when numerous central banks were trying curb the dollar's rise against the D-Mark and the yen. The Bank of England sold dollars for pounds during the day. But its efforts failed to prevent sterling ending a full point lower on the Bank's sterling index after the currency had fallen by four pfennigs to DM2.7925 and more than a cent to $1.6390.

Currency analysts said sterling had been caught in cross-fire between traders who wanted to buy the dollar and central banks which did not want to allow the US currency to appreciate. But political disarray in Britain has added an element of political risk to the currency, they said.

They took the pound's decline with more equanimity

Continued on Page 20

Government steadies dispirited Tories, UK new credit business surges, Page 11; Lex, Benelux unifies franc rate, Page 20; Markets, Section II

American Express to review Shearson operations

By Janet Bush in New York

AMERICAN EXPRESS, which decided on Sunday to buy the remaining publicly-held shares of Shearson Lehman Hutton, its troubled brokerage subsidiary, will now concentrate its efforts in a strategic review of Shearson's business.

American Express and Shearson executives said yesterday that all options were open, acknowledging that radical action was needed to restore the financial and business health of Shearson.

The two companies last week announced that Shearson would cut 2,000 jobs this month in a plan aimed to save $400m a year.

Mr Howard Clark, who took over from Mr Peter Cohen as chief executive of Shearson five weeks ago, has promised a broad-ranging review of operations "from the ground up."

Clearly, one of the attractions of taking Shearson private is that American Express and Mr Clark will have more flexibility in restructuring the securities business and, if necessary, selling assets and disposing of certain operations.

American Express said that it would consider whether to bolster its own equity capital position through a private or public sale of its shares. The company said it would still have a strong capital position, even after pouring $1.35bn of fresh funds into Shearson, but may decide to raise more to cover any costs of restructuring the brokerage.

The American Express board decided on Sunday to buy all outstanding shares of Shearson in a tax-free merger of an American Express subsidiary into Shearson. The transaction, which will cost American Express around $350m, will involve the exchange of each common share of Shearson for 0.426 of a share of American Express.

Mr Clark was appointed chairman of Shearson, adding this title to those of chief executive and president.

There was relief at Shearson yesterday after a week of intensive speculation that the company could be sold to a third party. The most advanced discussions had been between Mr James Robinson, chairman of American Express, and Mr Sandy Weill, head of Primerica, the financial services conglomerate.

Lex, Page 20; Amexco forced to learn crisis management, Page 29

Communist leaders snubbed by voters in Soviet heartland

By Quentin Peel in Moscow

SOVIET pro-democracy reformers and nationalists were heading last night for significant wins in elections for the republican parliaments of Russia, Ukraine and Belorussia, while full-time officials of the ruling Communist Party were widely snubbed by Soviet voters.

Elections involving almost 70 per cent of the Soviet population, in the three Slavic republics, showed a groundswell of support for radical reformers, a backlash against the party bureaucracy, and considerable voter confusion and apathy in the big industrial cities.

Most of the seats will have to go to a second round of voting, because the proliferation of candidates in the first truly contested elections for the republican parliaments and local councils prevented many from winning an outright majority.

The results began to be announced as it was revealed in Moscow that Mr Mikhail Gorbachev, the Soviet leader, has made an important concession in his plans to become a fully-fledged executive president, by allowing the USSR Supreme Soviet (standing parliament) the power to override his presidential veto on legislation.

The Soviet Congress of Deputies, the new super-parliament, is set to meet next week to approve the change in the constitution, and is confidently expected to elect Mr Gorbachev to the post.

The new proposal means that the Supreme Soviet can override the president by a two-thirds vote in both its chambers – similar to the system in the US Congress. It follows sharp criticism of the excessive powers granted in the original plan.

Outright election winners at the weekend elections included Mr Boris Yeltsin, Mr Gorbachev's most popular rival and Communist Party rebel, who has promised to stand for president of the Russian federation. He won some 80 per cent of the vote in the Urals city of Sverdlovsk.

Mr Vitaly Vorotnikov, the current Russian president and Politburo member, also won. Mr Yeltsin defeated 11 candidates, Mr Vorotnikov just one.

Another revealing contrast was offered in the Ukraine, where three leaders of the Rukh national movement won outright, while Mr Vladimir Ivashko, the Communist Party leader, was forced to a run-off in Kiev.

The nationalist movements in both Ukraine and Belorussia claimed important victories, with a majority of their candidates winning through to second round elections, where they did not win outright.

Meanwhile in the Baltic republic of Lithuania, the Sajudis national movement has now won an overall majority in its new Supreme Soviet, and seems certain to win enough seats for a two-thirds majority before the end of the week - enough for an immediate vote in favour of independence from the Soviet Union.

Second round elections in the Baltic republic on Sunday saw Sajudis win 18 of the 26 seats declared, taking its total to 90 out of 116, with 25 seats still to be decided. The independent Lithuanian Communist Party, which has broken away from the Soviet Communist Party, and largely supports Sajudis, has 36 seats, while the party rump still loyal to Moscow has only four.

Helmut Kohl reports on German – Polish border issue in Bonn yesterday. The posters read (left) 'Never again Socialism. Yes to Freedom and Prosperity' and 'Unity and Justice and Freedom'

Discord on Poland continues in Bonn

By David Marsh in Bonn

DISCORD in West Germany's ruling coalition over a united Germany's future border with Poland flared again last night. Chancellor Helmut Kohl said conditions in the Government were becoming "very difficult" over the unity issue.

Mr Kohl told a meeting of deputies from the coalition's dominant conservative parties that differences over the path to unity with the liberal Free Democrats, the junior coalition partners, had not been settled.

This was despite an attempt earlier in the day to calm the row between Mr Kohl and Mr Hans-Dietrich Genscher, the deputy Chancellor and Foreign Minister, who is a leading figure in the Free Democrats.

Mr Kohl also criticised the Free Democrats for not coming out firmly in favour of absorption of East Germany through Article 23 in the Bonn constitution. This clause provides for East German states to "accede" to the federal republic through a mechanism which some critics on the political left and centre have claimed is tantamount to annexation.

Mr Kohl and Mr Genscher met for 90 minutes in the early afternoon without resolving the issue of whether - as the Foreign Minister suggests - the

Continued on Page 20

Banker hints at early monetary union, Page 3

Brussels to start exploratory talks with Japan on car imports

By David Buchan in Brussels

THE EUROPEAN Commission is to start exploratory talks with the Japanese Government on future treatment for Japanese cars in the Community, despite rancorous division between EC states on the issue.

After chairing a ministerial meeting at which the EC split between northern free-traders and southern protectionists deepened, Mr Desmond O'Malley, the Irish trade minister, said the Commission was free to start "preliminary talks of an exploratory nature" with Tokyo.

Mr Frans Andriessen, the EC external affairs commissioner, had already planned to visit Tokyo later this month.

The extreme caution with which Mr O'Malley chose his words was an attempt to cover the rift between the two camps of EC states.

He was noncommittal when asked whether the Irish presidency might take the Japanese car issue to the EC's Dublin summit, if the impasse persisted into June.

Some ministers speculated that it might become a summit issue, and even that some states might invoke their ultimate "vital interest" veto to keep national quotas on Japanese cars beyond 1992, after which the single market is due to come into effect.

Mrs Edith Cresson, the French minister, warned that the Commission had no mandate yet to negotiate formally with Tokyo, though some in the Community's Brussels executive claim that they can negotiate trade arrangements on their own authority.

She threatened that Paris would continue to block any deal which did not give EC states such as France, with current restrictions on Japanese car imports, a 10-year transition period to adjust to totally-free imports, and that did not encompass so-called transplant production of Japanese cars inside the EC.

Taking aim at the two leading countries of the opposing free-trade camp, she said she had no objection as such to Japanese car plants in the EC, notably in Britain, "because unfortunately there is no British car industry left." However she insisted that such transplanted car output had to be counted with direct imports from Japan.

She then criticised West Germany, whose economic minister, Mr Helmut Haussmann, yesterday came out firmly against restricting sales of EC-made Japanese cars and against introducing curbs in markets which were currently free.

Mrs Cresson called the German stance "extremely hypocritical" because Bonn was pretending it put up no barriers against Japanese vehicles when in fact it had had a voluntary restraint arrangement with Japanese exporters.

German diplomats said this temporary deal, struck in 1984, was defunct and Bonn now insisted on rapid progress to free trade in cars.

In the debate on the highly sensitive car issue, Mr Nicholas Ridley, the UK Trade Secretary, said the consequences of restricting "anything that could be considered EC produc-

Continued on Page 20

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CONTENTS

Tehran infighting delays post-war financing deals

President Rafsanjani (left) was expected to revive the country's battered economy. But nearly a year later Iran is still suffering from an annual rate of inflation of between 30 and 100 per cent. Page 4

MARKETS

STERLING
New York lunchtime:
$1.63715
London:
$1.639 (1.651)
DM2.7925 (2.8375)
FFr9.4325 (9.5925)
SFr2.4575 (2.4975)
Y245.50 (248.0)
£ index 87.7 (88.7)

GOLD
New York: Comex Apr
$404.0
London:
$403.25 (403.5)

N SEA OIL (Argus)
Brent 15-day Apr
$19.35 (19.3)

Chief price changes yesterday: Page 21

DOLLAR
New York lunchtime:
DM1.7070
FFr5.7665
SFr1.5040
Y149.925
London:
DM1.7035 (1.719)
FFr5.755 (5.81)
SFr1.499 (1.513)
Y149.75 (150.25)
$ Index 68.1 (68.3)
Tokyo close: 149.95

US Lunchtime Rates
Fed Funds 8$\frac{3}{16}$%
3-mo Treasury Bills:
yield: 8.05%
Long Bond:
98$\frac{23}{32}$
yield: 8.61%

STOCK INDICES
FT-SE 100:
2,230.5 (-24.3)
FT Ordinary:
1,755.6 (-18.6)
FT-A All-Share:
1109.45 (-1.0%)
New York lunchtime:
DJ Ind. Av.
2,660.59 (+0.23)
S&P Comp
335.20
Tokyo: Nikkei
33,845.2 (+12.42)

LONDON MONEY
3-month interbank:
closing 15$\frac{5}{16}$ (15)
Liffe long gilt future:
Mar 82$\frac{13}{32}$ (83)

EUROPEAN NEWS

Bulgaria to allow ethnic Turks to restore names

THE Bulgarian Parliament yesterday adopted in principle a controversial law on restoring the names of over one million ethnic Turks and Moslems amid rising tension over the issue and protests in Sofia, the capital, AP reports from Sofia.

In an assimilation decree under deposed Communist leader Todor Zhivkov, ethnic Turks were forced to change their names to Bulgarian-sounding ones in a campaign which peaked in 1984 and 1985.

Under the new law, which is subject to minor changes in a second reading, all Bulgarian citizens can freely choose their own names without restriction. However, it involves a certain amount of bureacracy which the Turks resent.

At least 3,000 thousand Turks and Moslems were continuing their protest vigil outside the cordoned-off parliament building, saying that they would not leave until after they had seen the new law in writing.

After adopting the legislation in principle after a first reading of the draft, final adoption of the measure by parliament, or the National Assembly as it is formally known, is a foregone conclusion.

The amended version dropped a requirement stipulating Bulgarian-sounding suffixes to all family names.

But the law says that the name change must be approved by a court – a process considered too bureaucratic by many ethnic Turks.

The name law became the key piece of legislation at the current session after other agenda items were shelved. The talks have been suspended for the past three weeks over disagreement between the Communists and the opposition on reform.

Thousands of ethnic Turks and Bulgarian Moslems demonstrated in Sofia on Sunday to press for a law which would give them back their names without bureaucratic hurdles.

Mr Medyud Doganov, an ethnic Turkish leader who identifies himself by his original Turkish name, Ahmed Doan, told demonstrators all their demands for changes in the draft law had been accepted.

Spanish fishermen block ports

By Peter Bruce in Madrid

ANGRY Andalucian fishermen were yesterday braving fierce winds and huge seas to hold their five day-long blockade of two of southern Spain's most important fishing ports, Algeciras, near Gibraltar, and Huelva, in protest at the European Community's fishing rights agreement with Morocco.

One seaman has already died and another has vanished in the storm at Algerciras, which the authorities have described as one of the worst in living memory there.

Algeciras, which is also the major Spanish entrepôt for tourist and imigrant traffic with North Africa, has been brought to a standstill by the blockade, which started on Thursday.

The fishermen are demanding that the EC renegotiate its last fishing agreement with Rabat, made in 1988, claiming it has been accompanied by unprecedented Moroccan harrasment of Spanish trawlers in Moroccan waters.

The fishermen claim the number of fines for illegal fishing has risen 1,000 per cent since the agreement came into force. On a few occasions, Moroccan vessels are also said to have opened fire on Spanish trawlers. The waters around Morocco, which the Spanish are allowed to fish down to a parallel marked at 30 degrees and 40 minutes north, are vital to the survival of the Andalucian fleet, which directly employs more than 10,000 people.

The EC paid Morocco more than Ecu281m (£235m) for the fishing rights in February 1988, after Morocco had banned any fishing by the Spaniards there for two months.

Warsaw Pact to meet before polls

WARSAW Pact foreign ministers are to meet in Prague on the eve of East Germany's general election to discuss European security, Mr Jiri Dienstbier, the Czechoslovak Foreign Minister, said yesterday, Reuter reports from Prague.

He gave no details but said that Mr Eduard Shevardnadze, the Soviet Foreign Minister, had reacted "with interest" when he proposed the meeting during a visit to Moscow last week.

Mr Dienstbier told a news conference that the ministers would meet on March 17, a day before East Germans vote. Talks are certain to be dominated by the issue of German unification.

Mr Ibrahim Boehme, the leader of the East German Social Democratic party, visiting Moscow just after Mr Dienstbier, said last Friday that he expected the Soviet Union to make new proposals on European security when the Pact next met.

"I believe that the Soviet Union will present a new concept for security structures at the next meeting of Warsaw Pact foreign ministers," Mr Boehme said after talks with Mr Shevardnadze. He did not say the meeting would be held in the Czechoslovak capital. Mr Dienstbier obliquely but strongly chided Chancellor Helmut Kohl of West Germany, for laying down conditions over the issue of the Polish-German border. Czechoslovakia has backed Poland's demands for guarantees that its western border will be respected by a united Germany.

But Mr Kohl said last week that Poland should renounce all claims to war reparations from Germany in return for a border guarantee.

A country now boarding a magic carpet

Turkey's economy could grow as much as 7 per cent this year, writes **Jim Bodgener**

THE Turkish economy is poised for a mild recovery in 1990, albeit from a low base in 1989. Tentative confidence is returning in business and industry after two difficult years, even though a drought in agriculture coupled with anti-inflationary measures sapped growth to around 1-2 per cent in 1989.

The Government may not be able to stoke growth as high as the targeted 5.7 per cent next year, but it will probably work out at between three and seven per cent, on the basis of a swing back for agriculture to around 4 or 5 per cent growth, compared with the negative 6.3 per cent in 1989. Encouragingly for the farmers, so far autumn and winter rainfall has been good.

Inflation had already started to fall back marginally in the last two months of 1989, to 68 per cent, where earlier in the autumn it was expected in some quarters to reach three digits. It seems the inflationary cycle of expectations in industry has been broken temporarily, or at least checked, despite price hikes in November for raw materials produced by the state sector.

Sweeping import liberalisation – the latest round at the end of February – has also dampened costs and prices. The November price hikes are ominous warnings, however, that serious inefficiency and obsolescence remains in the state economic enterprises (SEEs).

Officially, the 1990 inflation target is 43 per cent, but economists expect it to hover 10 points above or below 70 per cent throughout the year, largely because of the budget deficit and continued high internal borrowing.

A cause for some concern is the increase in the 1990 budget deficit to TL10.5 trillion ($2.1bn at average lira devaluation for 1990) from the originally drafted TL9 trillion. Even this may be too ambitious, given the experience of recent years. The deficit this year is expected to overshoot the original target of TL4.5 trillion ($1.2bn at end 1989 exchange rates) to TL6 trillion, accompanied by dangerously high domestic borrowing.

Largely responsible were summer wage and salary hand-outs by the Government in the face of rising trade union militancy. Personnel costs have probably also been underestimated for 1990. Union militancy has not gone away, and very little provision has been made for wage increases after July 1.

What is uncertain is how far political imperatives will override economic good sense. However, with the opposition in disarray, the Government has some breathing space for economic consolidation in 1990 aimed at recovering electoral popularity with a manifest improvement in inflation - if internecine factional strife does not first destroy the ruling Motherland Party (ANAP).

Industry and commerce experienced a mild recovery in output in the second quarter of the year. During the last quarter, according to figures from the State Institute of Statistics, the rate of increase in imports of intermediary industrial products was 40 per cent, compared with 12 per cent in the first quarter of the year.

This increase is taken in some quarters to mean that capacity utilisation will expand in 1990. But the recovery also depends on a fragile triangle of forces, lira appreciation, falling interest rates, and increased imports at slashed rates of duty feeding through into lower production costs and increased competition.

Externally, the outlook is fair, despite an apparent fall-off in exports, which will probably have marked time in 1989 compared with the previous year's $11.8bn.

At $10.4bn on a Free-On-Board (FOB) basis, they were up only 0.4 per cent in the first 11 months of the year compared with the same period in 1988, according to official figures.

The slow down in export growth - for the first time in the 1980s - is due to phased out tax-rebate incentives and stagnantion in the once lucrative and still important Iraqi market, but exports have held up well to OECD and EC markets. Imports FOB over the same 11 month period increased by 17.9 per cent to $14.4bn, reflecting sweeping tariff reductions from August onwards.

The current account was in surplus over the 11 months by $755 million, though down by 32.4 per cent over the period. Another surplus in 1990 is likely, though perhaps not as large as for the two previous years.

Compensating last year for exports and lower than expected tourism earnings was a surge in expatriate remittances. Workers mainly in Europe have taken advantage of high domestic interest rates relative to domestic ones and the relative equilibrium in foreign exchange rates. Market forces and central bank intervention combined in 1989 to slow lira depreciation.

The level of remittances will probably be the same in 1990, since in the short term at least there seems little prospect of rapid lira devaluation resuming. Exports will be moderated again but still healthy and tourism could bounce back from a slack year. Another surplus in 1990 is likely for the current account, though perhaps not so large as for the two previous years.

Despite the high inflationary environment, foreign investment too has continued a promising upward climb in 1989, with actual inflows totalling $564m in the first 10 months of 1989 compared with $406m a year earlier.

All this is good news for Turkey's debt servicing, already over the mid-to-late 1980s hump of payments rescheduled from the late 1970s and early 1980s. The year-end external debt stock is expected to have declined to around $35bn from $37bn in 1988, with a further decrease expected this year.

Foreign currency reserves are at an all-time high of around $8.5bn, equivalent to around seven to eight months of imports, effectively doubling despite a rapid increase in the latter over the past two years.

MR BEDRETTIN DALAN, the charismatic former mayor of Istanbul, has decided to seek sanction from the Turkish Interior Ministry to form a Democratic Centre Party in a move likely to fragment the support of the ruling ANAP party.

His move follows the resignation last month of the favourite of ANAP's liberal wing, Mr Mesut Yilmaz, as foreign minister. This bolstered the party's right-wing nationalist and Islamic conservative "holy alliance."

Mr Dalan said his party would be a centrist democracy grouping upholding the secular principles advocated by the Turkish republic's founder, Mustafa Kemal Ataturk.

The DMP would be expected to keep the door open for any defectors from ANAP, even though Mr Dalan said familiar political faces would not be among its founding members.

The new party's founders will meet first on March 15 and will apply to the Interior Ministry for sanction on March 23.

Mr Dalan is an ANAP rebel who recently resigned from the party. He was toppled from what was viewed as an impregnable seat in Istanbul in last year's local elections. But this was viewed more as a national rejection of an unpopular government for its failure to curb high inflation.

Fall in demand threatens Polish miners' pay

By Christopher Bobinski in Warsaw

PAY TALKS between Poland's coal mining unions and management began yesterday amid an unprecedented drop in domestic demand for the fuel which threatens to hit incomes of some of the country's 400,000 miners.

Miners' fears that wages would be hit mounted last weekend when, for the first time, six pits suspended Saturday working and four more worked only one shift on the day. Saturday overtime shifts account for a quarter of miners' monthly pay.

Although Saturday working is unpopular among miners, it has been seen as crucial to supplying both domestic and export needs. Mr Tadeusz Mazowiecki, the Prime Minister, asked miners last autumn to keep up a six-day week.

In the pay talks in Katowice both Solidarity and the left-wing FZZG miners union are asking for a big rise in weekday wages, while agreeing that Saturdays should no longer be paid at nearly triple the normal rates, as they have been since 1981.

The authorities are ready to see some weekend earnings switched to weekdays, but wherever Saturday output ceases, miners' incomes could fall by 10 per cent.

The country used 7.5 per cent less electric power, which is mainly coal-based, in the first two months of the year than in the same period in 1989. The new year also saw a five-fold coal price increase while the mild winter also depressed consumption.

In January, pit-head stocks fell by 160,000 tonnes, and last month saw them mount by 685,000 tonnes, roughly a day's production. This month, though, coal orders for 6m tonnes have been cancelled by domestic consumers and the industry is likely to go to the Government for funds to finance stocks.

Poland's 72 mines produce around 15m tonnes of coal a month. If, as is likely, demand should fall further output will be limited in mines with the highest production costs, with consequent redundancies and cuts in incomes.

FINANCIAL TIMES

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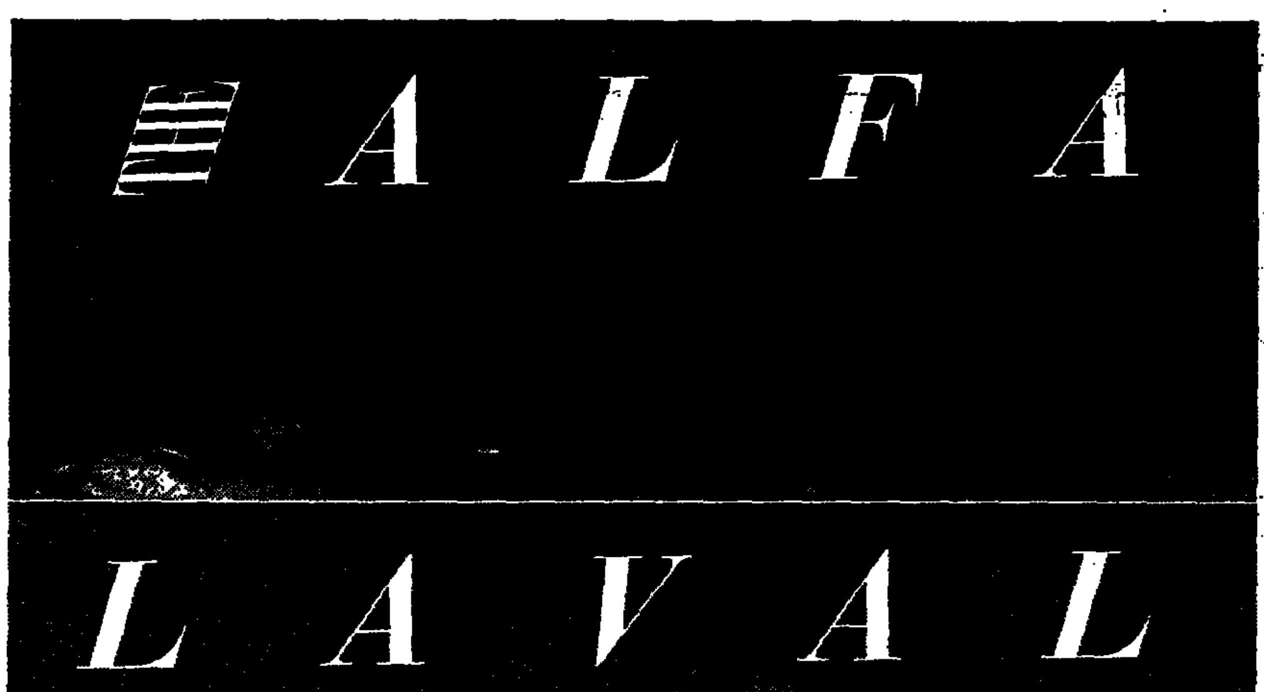

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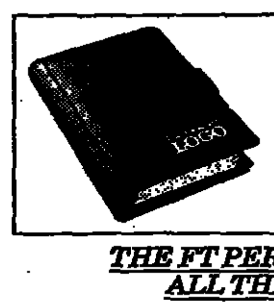

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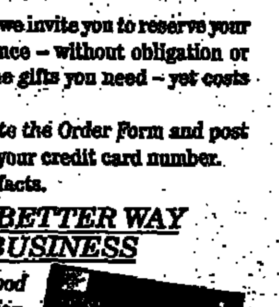

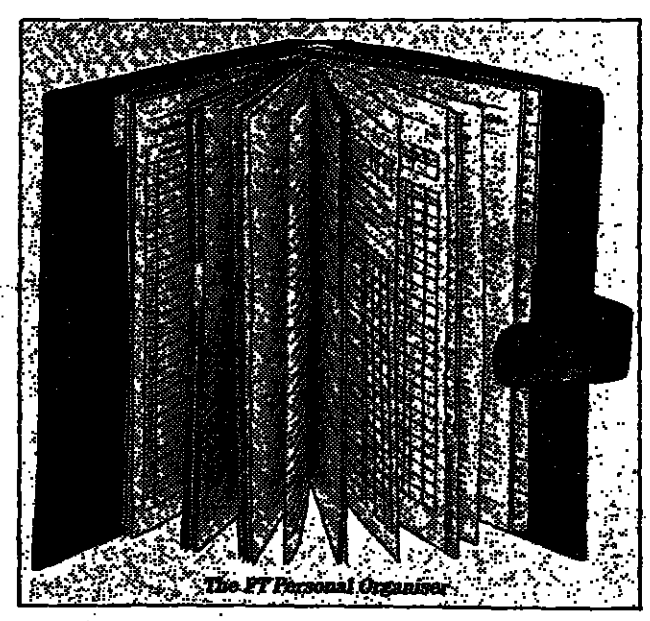

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EUROPEAN NEWS

Banker hints at early German monetary union

By David Marsh in Bonn

MR HORST Kaminsky, the president of the East German central bank, yesterday indicated that monetary union between the two German states might take only a few months to achieve.

His remarks, after a Bonn meeting of the commission of experts preparing monetary union between East and West Germany, show how a general consensus is growing that the D-Mark could be introduced into East Germany by the summer.

Although the details of the conversion between the East Mark and the D-Mark have yet to be agreed, there appears to be overall accord on a formula of replacing East Mark savings on the basis of a 1-to-1 rate against the D-Mark.

Both the Bundesbank and the Bonn Government want to allow only gradual conversion of East German savings deposits of around East Marks 150bn to avoid stoking up inflationary pressures. However, a basic 1-to-1 rate is deemed politically essential to prevent more East Germans fleeing their homes.

Questioned by reporters, Mr Kaminsky refused to be more specific about timing. The two sides said their discussions would remain "confidential" but issued a communiqué saying that yesterday's talks brought "further progress in individual questions".

East German officials pointed out that two important preconditions for monetary union – the granting of independence to the East German central bank, and the introduction of a reformed two-tier banking system – were on the way to being in place.

The East German Volkskammer (parliament) is due to finalise today a new statute for the central bank.

Romanian workers help bring down a 25-foot, seven-ton statue of Lenin in Bucharest. It withstood the efforts of a demolition squad for two days.

Lafontaine tells the SPD his conditions

By David Goodhart in Bonn

MR Oskar Lafontaine, the favourite to lead the West German Social Democrats into the December general election, is insisting that the party swallow several tough conditions before he is prepared to accept the candidacy for the chancellorship. Although this is certain to cause some strains at the top of the SPD, he is still expected to accept the nomination on March 19.

According to his political advisers in Saarbrucken, Mr Lafontaine is insisting that the election campaign be co-ordinated by a centralised private office, rather than by the party executive, and that all big speeches by leading Social Democrats should be cleared by the office.

He is also demanding clear support from the party executive for his controversial positions on both German unification and public expenditure. On social spending, he insists no promises be made which cannot be kept, which means that few promises can be made.

On unification, he wants to slow the hectic pace of the past few months and lay emphasis on resolving the social problems that unity will throw up. Last week, Mr Lafontaine met Mr Willy Brandt, the former SPD leader, who has been presenting the more emotional, nationalist, side of the unity question, and the two men evidently agreed to co-ordinate their approaches.

At the weekend, Mr Lafontaine went further than most leading Social Democrats in declaring that a united Germany could not remain in Nato. However, his advisers said this did not rule out a nominal membership of Nato while the beginnings of a new joint security arrangement were being worked out.

Magdeburg pins its hopes on swift moves to unification

By Leslie Colitt in Magdeburg

DR Werner Nothe, the ebullient Mayor of Magdeburg, sees a brilliant future opening up for his city as the capital of a resurrected Land of Saxony-Anhalt in a united Germany.

"The Magdeburgers will all get rich," the 52-year-old Mayor, who left the Communist Party last December, predicted. Nearly 200 West German companies and banks had plans to establish themselves in his city which is only 39kms from Helmstedt at the West German border. "All they are waiting for is the currency union," he said.

Magdeburg was flattened by US bombers in 1945 and its giant Krupp-Gruson heavy machinery works carted away by the Russians. The city's rise from the ashes, like that of East Germany itself, was nothing short of a miracle.

The transition within four months from the old Communist order to a flowering of democracy in Magdeburg has been remarkably smooth. Unlike the angry demonstrations for German unity in Leipzig, Dresden and other neglected southern cities, Magdeburgers seem content to visit their nearby sister city of Braunschweig in the West.

Mr Holger Saffier, manager of the Social Democratic Party (SPD) office in Magdeburg District noted that food and consumer goods supplies were good and factories were working relatively smoothly. There were no strikes and cooperation between the new political parties and the police was excellent.

Social Democratic traditions run strong in Magdeburg. Mr Ernst Reuter, the SPD Mayor of the city from 1931 to 1933, later became the legendary Mayor of West Berlin during and after the Soviet blockade. Mr Saffier was confident the SPD would emerge as the largest party in Magdeburg District on March 18, the first free elections since 1946.

Dr Nothe agreed. After the elections the sky was the limit for Magdeburg. Nearly 1,500 inhabitants had applied to set themselves up in business, most of them in cooperation with West German firms.

"We will see a real boom here," the Mayor said, warming to the subject. "We are on the Autobahn from Hanover to Berlin and the main rail line between Paris and Moscow as well as being a canal junction. We can become a converging point for Europe," he enthused.

Dr Nothe served for 11 years as Deputy Mayor until last December when the previous Mayor – also a Communist – was forced to resign under a cloud of suspicion.

"I realised it was a Stalinist system but one could not change things," the Mayor reflected. He was amazed how quickly the Party's power was broken when the "people's will broke loose.

"I want to replace what we have with a highly-specialised capitalist system. I won't live long enough to experience the socialism that replaces it. It will remain a dream," he said. "Of course, if people did not dream there would be no development."

The Mayor will not be a candidate in the local elections next May but instead plans to return to his original profession of commercial law. He would have ample opportunity to practice it with the flood of Western companies about to descend on Magdeburg.

The past 40 years of Communist rule would be quickly forgotten by East Germans, Dr Nothe said, although individually there would be "questions of guilt and responsibility for the past" which would have to be answered.

Fabius takes lead in race to don Mitterrand's mantle

By Ian Davidson in Paris

MR Laurent Fabius, president of the French National Assembly, has won a narrow lead in the struggle for mastery of the French Socialist Party, which is due to reach its climax at the party congress at Rennes at the end of next week.

After a weekend ballot of the departmental federations of the party, Mr Fabius's group surprised the French political world by securing just short of 30 per cent of the vote. This compared with slightly over 29 per cent for the group jointly led by Mr Pierre Mauroy, first secretary of the party, and Mr Lionel Jospin, Education Minister, and slightly over 24 per cent for Mr Michel Rocard, the Prime Minister.

The contest marks the beginning of the post-Mitterrand era, and the break-up of what used to be the majority Mitterrandist clan in the Socialist Party.

Hitherto, the Mitterrandists have maintained their dominance of the party by keeping tight discipline under President François Mitterrand's leadership. But the struggle in progress is between rival members of the clan: Mr Pierre Mauroy was Mr Mitterrand's first Prime Minister in 1981, Mr Fabius succeeded him in 1984, and Mr Jospin was first secretary of the party throughout Mr Mitterrand's first term.

Since no-one expects the president to stand for a third term, the struggle now in progress may prove the first and possibly crucial stage in deciding who will be the party's candidate in the next presidential elections in five years' time.

Mr Fabius was defeated by Mr Mauroy in the competition for the job of first secretary two years ago; if he is now victorious, he is likely to seek to take his revenge and position himself for the future by unseating Mr Mauroy.

Formally, the battle is conducted under cover of a competition between rival ideological platforms. In line with his social-democrat beliefs, Mr Rocard is advocating a platform which is somewhat more centre-left than traditional socialist, while Mr Jean-Pierre Chévènement, the Defence Minister, is taking a stance which could be described as left-wing Gaullist.

But the reality of the struggle for personal ascendancy over the party is underscored by the fact that the policy differences between the Fabius and Mauroy-Jospin platforms are invisible to the naked eye.

The weekend vote is a disappointment to Mr Rocard, who should have been able to benefit from the split within the Mitterrandist clan, and who might reasonably have hoped to be able to come through on the inside. The vote is also a serious setback for Mr Chévènement, whose showing of less than 8 per cent is well down on his traditional score.

The results of the weekend vote are subject to adjustment, since the federations in the Paris region are only voting this week; and negotiations before and during the congress are bound to affect the final outcome. But it appears that Mr Fabius has now secured a significant advantage.

Soviet-E German talks to start

MR Hans Modrow, the East German Prime Minister, arrived in Moscow yesterday for talks with President Mikhail Gorbachev, the Soviet leader, which were expected to focus on the prospects for trade and security after the March 18 East German elections, AP-DJ reports from Moscow.

Before Mr Modrow's departure from East Berlin, the East German news agency ADN suggested that Mr Gorbachev was concerned about Moscow's future military and economic relations with a unified Germany. East Germany has been the Soviets' chief trading partner and firmest defence ally.

West German Chancellor Helmut Kohl promised Mr Gorbachev during a meeting in Moscow on February 10 that the Soviet Union would not lose vital supplies as East Germany merges westward.

A key topic likely to be on the agenda will be the refusal by Mr Kohl to give Poland a binding promise that a united Germany would respect Poland's current frontier with East Germany on the Oder and Neisse rivers.

Mr Modrow supports Poland on the issue, and the East German Foreign Ministry has said all neighboring countries should be represented at an international summit, where the two Germanys will plot the course for unification with the Second World War victors: Britain, France, the US and the Soviet Union.

Eurotunnel 'will need £1.6bn-plus'

By William Dawkins in Paris

EUROTUNNEL will need "surely more" than FFr15bn (£1.6bn) extra funding, said Mr André Bénard, chairman of the cross-channel project, yesterday.

This is Mr Bénard's first public estimate of the troubled project's extra financing needs since he took over as sole chairman last month and suggests that the refinancing, expected to be announced in April, could be bigger than expected.

Speaking at the launch of a new tunnelling machine in Calais, Mr Bénard said Eurotunnel would know the precise figure within weeks. The overall estimated cost of the project has risen from £4.87bn to more than £7bn over the past three years, causing bitter disputes between Eurotunnel and Transmanche Link, the 10-company construction consortium.

"The difference of opinion between Eurotunnel and the constructors... over who must pay and how much, means we still await the decision of the committee of experts working on this subject," he said. Three-quarters of the new cash would come from bank loans, with the rest from an issue of new shares, he confirmed.

Mr Bénard said the first meeting between French and British construction teams beneath the channel was expected in November, the expected completion date for the service tunnel.

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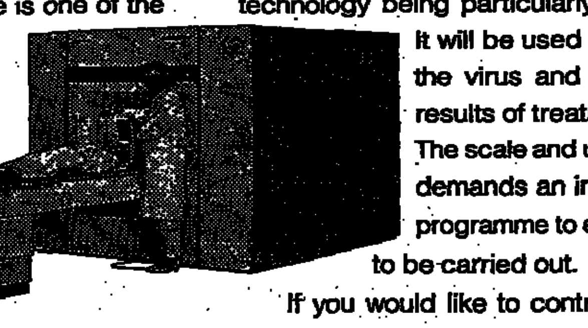
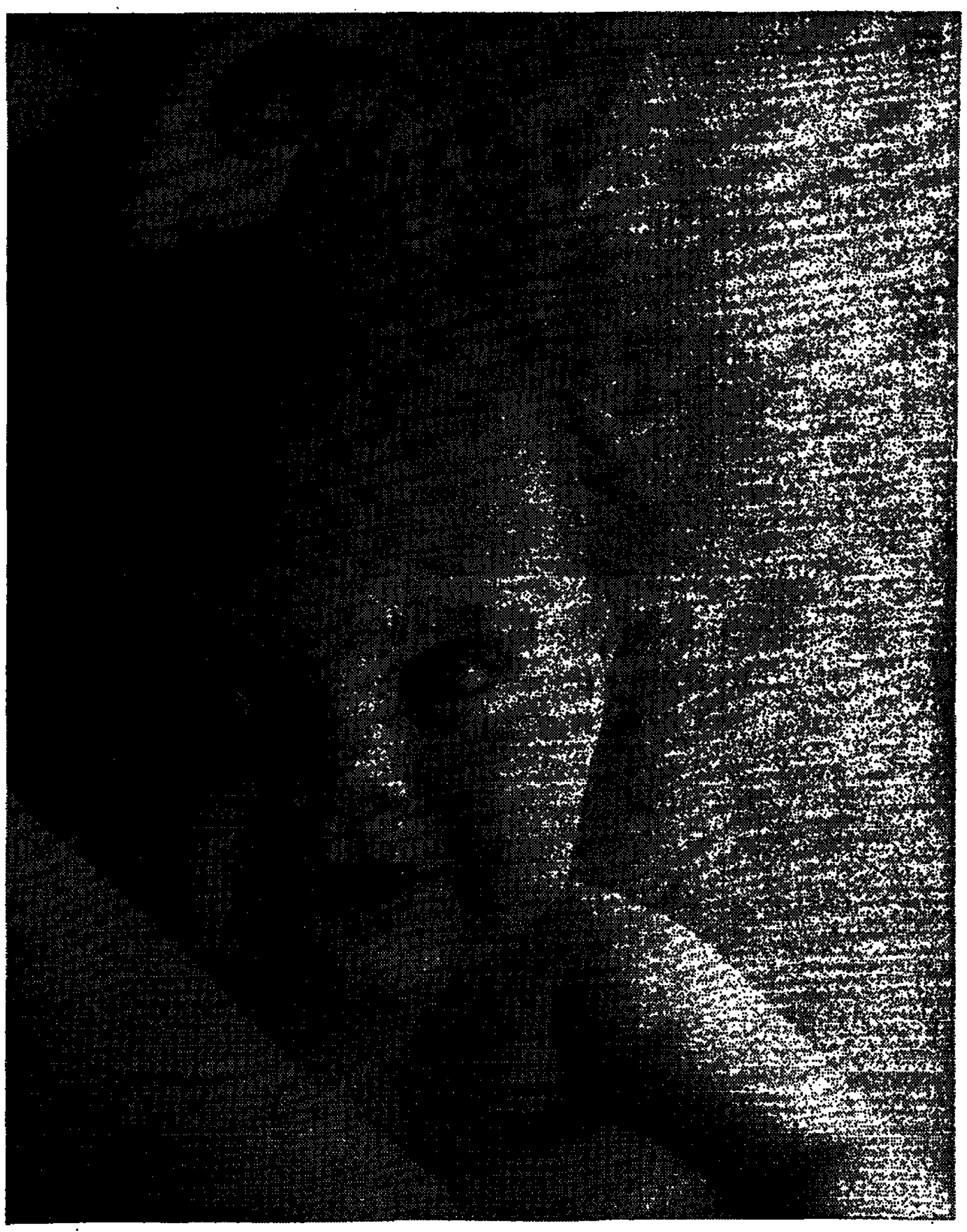


Siemens is working in close partnership with the Medical Research Council, the Radiological Research Trust and the Scottish AIDS Research Appeal on a research project to investigate the effects on babies and parents who carry the virus, together with other people affected by HIV.

This national project is being undertaken in Edinburgh where such problems are especially acute. The new Siemens Magnetom body-scanner plays a key role in the project, with its non-invasive technology being particularly suitable for children. It will be used to study the effects of the virus and to help to follow the results of treatment.

The scale and urgency of the problem demands an immediate fund-raising programme to enable further research to be carried out.

If you would like to contribute or find out how you can help, please contact Professor George du Boulay, CBE, at the Radiological Research Trust, 36 Portland Place, London W1N 3DG. Telephone 01-580 4085.



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Pretoria backs black nationalist coup in Ciskei

By Patti Waldmeir in Johannesburg

SOUTH Africa sent troops to the black homeland of Ciskei yesterday to quell unrest and support black nationalist rebels who took power in a coup on Sunday.

Hundreds of soldiers patrolled the territory to protect government installations after celebrating mobs looted and burnt businesses associated with President Lennox Sebe's 18-year rule.

The decision to send in troops to support a government which has shown clear signs of sympathy for the African National Congress (ANC) illustrates a shift in Pretoria's attitude towards the 10 black homelands which it created as part of its apartheid strategy.

A wave of violence has swept through several homelands since the release of Mr Nelson Mandela, the ANC's deputy president, three weeks ago, as residents have rebelled against the homeland system of racial segregation. Sunday's coup in the Ciskei, led by Brig Oupa Gqozo, was the most dramatic incident in the current unrest.

South African troops were sent to the territory after mobs burnt factories and looted shops in the aftermath of the dawn coup, which ousted President-for-life Lennox Sebe.

In a surprise move yesterday, Mr Pik Botha, the South African Foreign Minister, hinted that Pretoria might recognise the new government, which yesterday underlined its sympathy for the ANC by releasing 500 political prisoners, many of them members of the ANC-allied United Democratic Front (UDF).

Brig Gqozo has said the new government's aim is to reincorporate Ciskei into South Africa, adding that he would hold a referendum. Reincorporation is a demand which is becoming popular in other homelands, such as neighbouring Transkei, where Maj-Gen Bantu Holomisa, the military leader, has said he will also hold a similar referendum.

In Gazankulu, Venda and Bophuthatswana, leaders maintained in power by Pretoria face rebellions by their own citizens, who are calling for an end to corrupt homeland rule, and for the abolition of homelands in line with the policies of the ANC.

Venda and Gazankulu have recently seen mass mobilisation by the ANC in areas previously untouched by politics.

Mengistu calls for end to rigid central control

PRESIDENT Mengistu Haile Mariam of Ethiopia called yesterday for his country to abandon its rigid, centrally controlled economic system and introduce market-based economic policies, agencies report.

In a speech to the Central Committee of the ruling Marxist Workers' Party, President Mengistu conceded that more than 15 years of central state planning had been a failure.

The Central Committee must approve his recommendations, but there appeared little chance that it would balk at his plans for a drastic overhaul of the country's shattered economy. Among the reforms Mr Mengistu advocated were:

- Allowing the private sector to take part in all areas of the economy with no limit on capital investment. Ethiopia has had a $250,000 ceiling on all types of private investment.
- Giving government-owned land on a concession basis to private companies for construction of factories, hotels and a wide range of other enterprises.
- Allowing developers to build houses, apartments and office buildings for rent or sale. At present, all land and deeds are held by the Government.
- Putting state-owned industries on a profit-making basis and selling or closing those that continually lose money.
- Giving peasant farmers legal ownership of the land they till and the right to sell their produce to private wholesale and retail outlets. Ownership of the land has been held by the state, with purchase of crops handled by government marketing boards.

President Mengistu also told the biannual meeting of the Central Committee that Ethiopia's strategic Red Sea port of Massawa has been paralysed by renewed fighting between the Government and the secessionist Eritrean People's Liberation Front. He did not, however, acknowledge a rebel claim that the port had been captured.

The Eritrean rebels have been fighting for 28 years for independence for Ethiopia's northernmost province. They launched a new offensive in early February after an almost year-long unofficial ceasefire.

Mr Mengistu said another main rebel group, the Tigre People's Liberation Front, had recaptured the vital garrison town of Debre Tabor, cutting off government access to much of Gondor Province.

Peking launches propaganda barrage at army

By Colina MacDougall

THE clique of aged and conservative leaders that currently runs China has begun to manifest serious unease over growing splits in the People's Liberation Army. Last week the Central Committee published a key document which revealed their heightened anxiety.

Drawn up by the army's General Political Department, which is run by President Yang Shangkun and his younger brother Yang Baibing, prime movers in the military's massacre of demonstrators in Peking last June, it ordered the army never to waver in its obedience to the party.

Following on that, an editorial in Peking's leading papers noted that China's "first mission" and "top priority" was to guarantee that "guns are in the hands of (those who) are politically reliable."

"The PLA is restive," said a recently returned Westerner. "Their perception is that Yang Shangkun is trying to use the PLA's power to succeed Deng. Senior generals thought the professionalism of the PLA had been compromised by the massacre."

The party loyalty message is one which the Yangs have lately been putting about all over China as they travelled on the traditional spring visits to the grass roots. "Party" in reality means the small cabal of leaders who seized power last year in what was effectively a military coup. While Deng Xiaoping, China's octogenarian patriarch, heads the group, the main beneficiaries of the massacre were President Yang and his junior relatives.

It is no surprise that these men are worried. Deng had to work hard and long last June to round up army support to crush the protesters in Peking. More than 200 of the country's top brass, including very senior retired generals, publicly opposed the violent suppression. Reports say that up to 3,000 officers are under investigation for possible involvement in pro-democracy protests.

The Chinese have had a vivid reminder of what happens when, as in Romania, a nepotistic leadership is overthrown by the army changing sides.

Peking is also concerned about its restive minorities which, notably in Tibet, the army has been brutally used to quell. Now, in the Mongolian People's Republic, across the border from China's Inner Mongolia, demonstrations for democracy against the long-established Communist Government are growing by the week.

China's rulers need a loyal force which can swiftly put down nationalistic bushfires. But since last June it has become clear that younger, better-trained officers in the army were outraged at the use of troops in what should have been a bloodless police action. The nepotism of the near-total grip the Yangs now exert on military promotions has embittered many of these who see their career prospects blighted.

The Military Commission has already indicated doubts about the loyalty of the People's Armed Police, the force responsible for public security. The PAP took over guard duty in Peking from the troops when martial law was lifted in January, and about that time four of its top commanders were dismissed and an extra 20,000 men transferred from the army to stiffen it. In the last few weeks the volume of exhortation directed at the army has been deafening.

"The Party Must Command the Gun," "Study Marxism-Leninism," "Learn from Lei Feng" (a semi-fictional propaganda hero of the 1960s), "Uphold the Four Principles of Socialism," are some of the old-style propaganda slogans which have lost any magic they ever had.

In the last 10 years China's military has virtually abandoned its old Maoist ideas in order to focus on real training. Even the Liberation Army Daily recently whispered defiance, declaring last month that modern management was more important than socialism. It may only need a trigger like a death in the leadership or an emotive anniversary to split the army irrevocably.

Malaysia tries to square the sell-off circle

Privatisation does not sit easily with wealth redistribution, writes Lim Siong Hoon

MALAYSIA'S state production is so inefficient that any device proposed to improve it is welcomed. Ideological disagreement over central planning and free enterprise does not come into it. Indeed, such ideological differences rarely feature in the country's political and economic landscape.

There were other attempts in the last decade to do something about the state sector. "Look East" sought to import the Japanese ethos of hard work and "Malaysia Inc" to promote a partnership between the state and private businesses. But this time, privatisation is different.

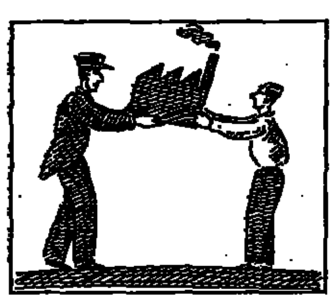
It involves embracing western economic liberalism by a government which disavows association with western ideology. It is also a tacit admission that relative backwardness was not only a condition of over-reliance on primary exports nor simply a condition of social and cultural laxity.

But above all, it is confirmation that government attempts at wealth redistribution, embodied in the 20-year life of the New Economic Policy (NEP), have been inadequate.

NEP was meant to help the poor, the Malays. A complex system of government-owned assets was constructed for them so that they could learn skills and inherit wealth because the market, dominated by Chinese and foreigners, was thought to be unsparing.

To reverse this policy of helping the poor would cost the Malay-controlled government dearly and jeopardise its privatisation plans even before they proceed in earnest.

All this helps to explain why Malaysia's privatisation programme contains an unfamiliar objective: the redistribution of wealth.



UNBUNDLING THE STATE

To answer in part some of the questions that were inevitably raised by this apparent contradiction, a masterplan was commissioned and completed towards the end of last year. By then, nearly two dozen pieces of privatisation had been completed.

These early experiences were essential, for they lead to a general framework for an orderly and systematic programme of divestment. Of 1,400 enterprises that could be privatised, 434 were adopted as a sample to represent the spectrum of the public sector economy.

Because privatisation in Malaysia makes no distinction between equity and management control, the programme has relied on several methods: public flotation or private sale, build-operate-transfer (BOT), leasing, management contracts, corporatisation, and licensing or contracting out.

British involvement through Schroder Wagg, the merchant bank, came when privatisation was mooted five years ago. A few of the early privatisations, notably the telecommunications and the 867km North-South toll expressway, drew on the experiences of the sale of British Telecom, among others.

Malaysians, however, became the principal formulators of the plan that cost US$900,000, 38 per cent paid for by the British Government. Thus Hanafiah Raslan Mohamad (HRM), the accounting and management consulting company, selected the candidates for privatisation. Arab Malaysian Merchant Bank conducted capital studies while Schroder Wagg did the marketing framework.

Several volumes were produced which identified the scope of privatisation, form, viability, terms of sale, legal framework, labour issues, capital markets, and a phased "Action Plan" for implementation over a 10-year period.

Adoption of the plan seems assured, given the eagerness of Dr Mahathir Mohamad, the Prime Minister. But there are indications of divergence already between the privatisation ideals and the Government's actual desire.

A case in point is the 30-year BOT concession for the North-South expressway through the Malaysian peninsular from the northern border with Thailand to Singapore in the south. Little information is publicly available about how the concession was awarded to United Engineers, a publicly quoted company, once nearly insolvent and with little or no experience in building roads.

The Government's hand in the company is evident, through a 1.6bn ringgit (£355m) financing for the project. Political patronage appears apparent as well. Umno, the United Malays National Organisation which is the backbone of a multi-racial coalition, has indirect equity interests in the company.

Interpreted differently, however, privatising the North-South expressway this way would be in compliance with the wealth redistribution objective of the programme. But distribution to whom? And how?

"At the core of the questionings is the uneasy belief that some divestments might have been made to political favourites," says Mr Malek Merican, deputy chairman at Malayan United Industries, the banking and manufacturing group. "This type of questioning has to be faced by all governments undertaking privatisation programmes. It may be useful if each privatisation award is accompanied by a clear statement of the basis on which the award is made."

There have been some highly visible, clearly charted, and successful cases. They involve share flotations of the national airline, its shipping carrier, and cement manufacturing.

Most privatisations, however, have been done discreetly, mainly in the form of management contracts and BOT. The result is that privatisation has been greeted at large by silence, sometimes punctuated by labour's apprehension and, once, outright disagreement by railway workers and threats of strikes.

The national civil staff unions face dismemberment once their enterprises are sold. But agitation has been dampened by government promises not to retrench staff for the first five years after privatisation.

The more worrying consequence is not evident yet. It is that Malay youths have come to rely on the government as a ready source of employment. The Government will find it difficult to allow this to disappear given its record as a provider and defender of Malay economic interests.

Vexatious issues such as this explain why there are few privatisation champions among Malay politicians in the Government. Wealthier Chinese and Indian businessmen, and politicians from those communities, tend to welcome privatisation.

Among Malays there is uncertainty about how privatisation will help them. Mr Mohamed Sidek, senior general manager at the Arab-Malaysian Merchant Bank, says: "The Malays have to make up their minds, whether they want wealth or income."

Meanwhile efficiency gains from privatisation are visible in some areas but only claimed in most others. Phone lines are now available in two weeks compared with the two months it took before Malaysia's Telecoms was privatised.

Then there are the questions of the administrative and fiscal burden on the Government which privatisation is intended to relieve. The evidence is as yet not indisputable. The fiscal deficit was 11 per cent of gross national product in 1986, when attempts were made to reverse an economic slump. It fell to 4.5 per cent in 1987 when the economy had recovered, but it rose in 1988 and again last year to 7.8 per cent.

In spite of the statistics, there is little doubt that the Government intends to unshackle its hold on the economy. But the economic transformation that it ultimately wants to achieve will require more than simply selling assets.

This is the second article in a series on privatisation. An introductory article appeared on this page on February 28.

S Korean deficit is biggest since 1985

By John Ridding in Seoul

SOUTH Korea recorded its largest current account deficit for five years in January, according to figures released by the Central Bank.

The Bank of Korea said the deficit of $423m reflected the loss of competitiveness by South Korean industry as the result of the depreciation of the won, increased wages and the sluggish introduction of new technology.

Analysts, however, said the downturn also reflected the delaying of shipments by Korean exporters seeking to take advantage of the recent depreciation of the won against the dollar. Since the beginning of the year, the won has fallen by almost 2 per cent against the dollar.

January's deficit compares with a current account surplus of $518m in the same month last year and $658m in December, 1989.

It is only the second deficit, on a balance of payments basis, since the beginning of 1986 and reflects a continuing trend of export weakness. Last year, the current account surplus fell by 65 per cent to $5.1bn and this year analysts are expecting a further decline to between $2bn and $3bn.

In January, the trade surplus with the US, South Korea's largest export market, fell from $250m to $40m, prompted by a 10 per cent fall in exports.

The trade balance with the EC switched to a deficit of $110m from a surplus of $220m, and the deficit with Japan widened to $390m, an increase of $60m. Exports in January were weakest in heavy industry, consumer electronics and cars.

Nepal seizes news magazines

NEPALESE authorities have seized this week's editions of Time and Asia week, the international news magazines, preventing readers from learning about the widening pro-democracy movement in Nepal, AP reports.

Copies of the two magazines published in Hong Kong were seized by the authorities at Kathmandu Airport, vendors said. Mr Govinda Biyogi, president of the Nepal Journalist Association, said the authorities had also been harassing publishers of local papers by seizing all copies.

The authorities have put 13 newspapers on a "hit list" and continue to remove copies as soon as they go on sale, he said. As a result, these weeklies have thinned their pages from the regular eight tabloid-size pages to only two.

Biyogi owns Matribhumi, a weekly, which has also been seized for reporting on demonstrations taking place in the country in support of restoring a multiparty democracy. Recently, government authorities jailed 21 journalists for writing anti-government articles on the movement launched by the socialist-oriented Nepali Congress Party and the United Left Front, an umbrella group for seven communist factions.

Gunfire continues in Filipino city

Gunfire crackled through a northern provincial capital yesterday as troops searched for a suspended governor accused in December's attempt to topple President Corazon Aquino, AP reports from Manila.

Governor Rodolfo Aguinaldo fled Sunday during fighting with government soldiers in Tuguegarao, 400 kilometres (250 miles) north of Manila, after he refused to surrender on a charge of "rebellion with murder."

A general who had come to negotiate Aguinaldo's surrender was killed in the fighting. Casualty figures were still incomplete yesterday, ranging from eight to 20, according to local and national officials.

Mrs Aquino told reporters she ordered the armed forces to arrest Aguinaldo "using such force as is necessary but taking all feasible measures for the safety of civilians."

Officials yesterday also ordered the arrest of three mayors, one village chief and a lawyer for supporting the governor.

In Tuguegarao, the capital of Cagayan province, government forces searched house to house yesterday without finding Aguinaldo. Sporadic firing continued until late morning, and tension in the city was high.

In Manila, Senator Alberto Romulo urged the Senate Committee on National Defense and Security to conduct an investigation of the "dastardly and brutal" killing of Brig. Gen. Oscar Florendo, chief of the military's Civil Relations Service.

Florendo, who had gone to Tuguegarao on February 28 to negotiate with Aguinaldo, was among a group of officials trapped when Aguinaldo supporters seized Tuguegarao's six-story Delfino Hotel early on Sunday morning.

IMF urges Israel to devalue shekel

By Eric Silver in Jerusalem

THE International Monetary Fund yesterday recommended Israel either to devalue still further, or to liberalise its capital and labour markets.

Israel announced a 6 per cent devaluation of the shekel last week. It is being implemented in stages.

More measures were necessary, an interim report on the Israeli economy insisted, if the country was to absorb tens of thousands of Soviet Jewish immigrants without sacrificing the economic gains of the past five years, during which inflation has fallen from 450 per cent to 20 per cent.

A substantial devaluation, followed by an exchange rate freeze, would return companies to profitability, the report argued. Its impact on inflation would depend on wage levels. The IMF experts suggested that the influx of new workers into the market would keep pay packets down.

The second alternative – immediate liberalisation and privatisation, accompanied by a floating exchange rate – would encourage investment and create jobs. This was the report's preferred choice, giving Israel a better chance to improve its trade with the US and the European Community.

The IMF contended that a steady 5 per cent annual growth rate was indispensable to lift the economy out of stagnation. If immigration exceeded expectations, the rate would have to be even higher.

An earlier assessment by Prof Michael Bruno, the Governor of the Bank of Israel, said that the drive to house and absorb an influx of 100,000 would stimulate 6 per cent growth.

- More than 30 top Palestinian leaders from the occupied territories said yesterday that the PLO must be involved in Israeli-Palestinian peace talks, a move Israel has consistently opposed, AP reports from Jerusalem.

Countdown to Australian elections

By Chris Sherwell in Sydney

MR Andrew Peacock, leader of Australia's opposition Liberal party, pictured left with his daughters as he formally launched his election campaign yesterday, has put forward an ambitious economic strategy embracing tax reductions, privatisation and labour market liberalisation.

The glittering launch in Mr Peacock's heartland of Melbourne, backed by a nationwide television presentation, came 19 days before polling day on March 24 and coincided with the seventh anniversary of Labor rule under Prime Minister Bob Hawke. Labor's official launch is scheduled for Thursday.

Both sides are confronting an electorate which is mistrustful of their promises and either undecided how to vote or disposed to give preferences to a minority party. Opinion polls indicate the final result could go either way.

Yesterday's policy statement from the Liberals, who are fighting the election in coalition with the rural National party, berated Labor for having lost its way and for offering more of the same: "falling living standards, stagnation, back-room deals and excuses for its failure." Labor is out of touch, out of ideas and out of willpower, it said. Australia was going backwards, and Labor was responsible.

The Liberals also lifted reform of Australia's inflexible labour market to new prominence, urging wages and industrial relations matters to be settled at the work-place to ensure higher productivity.

Tehran infighting delays post-war financing deals

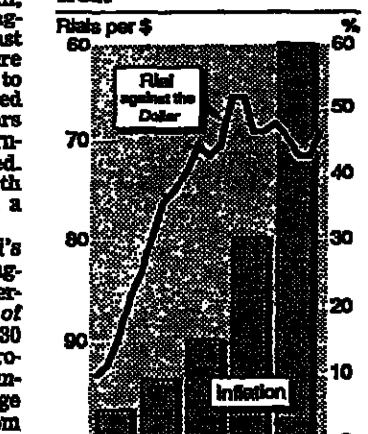
Scheherazade Daneshkhu reports that fear of Western money has prolonged high prices and shortages

WHEN Hojatoleslam Hashemi Rafsanjani, Iran's leading pragmatist, became President last summer, expectations were high that he would be able to revive the country's battered economy. "Economic matters are at the top of the government's agenda," he declared. The ceasefire in the war with Iraq a year earlier held out a similar promise.

But President Rafsanjani's task has been an uphill struggle. The country is still suffering from an annual rate of inflation running between 30 per cent to 100 per cent. Productivity is low and the country's annual foreign exchange income of $12bn (£7bn) from the export of oil falls woefully short of its needs. Not only have conditions failed to improve, daily life has become markedly more expensive for ordinary Iranians.

The system of rationing, introduced soon after the Iranian revolution to guarantee basic foodstuffs and commodities at subsidised prices, is hardly functioning. Shortages mean that supplies are spasmodic and entitlements have been reduced.

In the early days, everyone was entitled to 30 litres of petrol at 30 riyals per litre every



two weeks, the same amount is now expected to cover two months.

Rice is reported to be infrequently available at government prices and cheese and meat are in short supply. Bread is still cheap, but the Government is only distributing imported wheat to the major towns and cities. As a result, people from the countryside are coming into the cities.

Iran's burgeoning population – from 37m before the Revolution to 52m – has exacerbated the problem. The strain shows particularly in Tehran, where the population has doubled in the last 10 years.

While shortages put even basic goods beyond the reach of ordinary Iranians, these are still available at a price. A variety of foodstuffs, ranging from plentiful meat to caviar, can be bought in Tehran, but only on the black market.

The black market is dominated by the value of the dollar currently being exchanged at around 17 times its official rate against the riyal. The grip of the black market on the economy is so great that it affects even government prices.

The Government is well aware of the problems. President Rafsanjani has emphasised the economy in almost every speech he has made since taking office, but the black market flourishes despite attempts to stamp it out.

Last year, the Government waged a campaign against "hoarders and profiteers," threatening fines, imprisonment and even death for the worst offenders.

But one of the Tehran dailies, Abrar, deplored the tactics. "The campaign against high prices and inflation will not succeed when there is no balance between supply and demand," it said. The government's move "indicates chaos in decision making, and in fact shows lack of cohesion in economic policies."

The Government then tried to beat the black marketeers at their own game. Foreign exchange dealers, outlawed since the Revolution, were told they could operate but under strict regulations. A "competitive" exchange rate of Rs1,000 to the dollar, against its free market rate of Rs1,250 for state-affiliated importers, was announced last October. A multi-tiered system of exchange rates was introduced, including one for travellers.

Despite the complexity of the system it appeared to work for a while. The black market dollar dropped by roughly 20 per cent and the Government announced that it would continue to undersell it. But demand for foreign exchange far exceeds supply and the dollar has crept up again.

Shortage of foreign exchange has led the Government into a series of oil deals involving advance payment. The largest of these was last November with the West German oil trader, Marimpex, for an estimated $800m pre-financing deal as part of an overall $2.6bn package. Three other deals with Swiss and Japanese traders, worth $700m, were concluded earlier this month.

These packages amount to foreign loans, a politically sensitive subject in Iran. Foreign investment and loans are regarded by many of the more hardline officials as selling out the country's independence. This opposition has caused President Rafsanjani many a headache in his attempts to push through the Majlis (parliament) a five-year plan which allows for $27bn in foreign investment. He has emphasised that the offshore oil industry, the petrochemical sector and the construction of dams all need foreign help.

The Majlis has been in turmoil over the issue and President Rafsanjani has gone through verbal gymnastics to avoid the use of the word "borrowing," urging instead the need to "implement certain projects with the aid of certain facilities from abroad" and defending buyback deals.

"Who calls this borrowing? Why do they interpret it as such?" he asked his audience at Friday prayers last month. "This is a kind of exchange, it is an investment." The plan was finally approved by the Majlis last month after undergoing several revisions, only to be rejected by the Council of Guardians – the 12-man body which vets legislation for accordance with Islamic law.

Four days later, Ayatollah Khameini, Iran's spiritual leader, put his weight behind it and it was announced that the Council of Guardians had endorsed the plan.

But this wrangling has already cost the plan, due to have run from March 1989-93, the whole of its first year. While it is aimed at increasing productivity, it is hard to see the optimistic projections being attained.

Recent reports of rioting in Tehran and provincial cities have emerged against the daily grind of volatile prices, poverty and squalid housing conditions.

The weekly Kayhan International warned last November that poverty could "impede the progress of the Revolution and, if unattended, eventually destroy it."

Resentment of this poverty is indeed more vocal and has increased at the government's expense. "You never see a Revolutionary Guard or a Mullah having to queue for anything," grumbled one Iranian.

OVERSEAS NEWS

Bhopal victims await compensation five years after the disaster

By Robert Rice in London

ON DECEMBER 3, 1984, a cloud of methylisocyanate gas leaked from a storage tank at a chemical plant belonging to an Indian subsidiary of the American Union Carbide Corporation, at Bhopal in the Indian state of Madhya Pradesh.

The gas cloud which enveloped the city resulted in the world's worst man-made disaster, leaving over 3,000 people dead and 260,000 injured.

More than five years later and despite a settlement reached in the Indian Supreme Court last February ordering Union Carbide to pay to the central Indian Government $470m in full and final settlement of all claims arising out of the disaster, the vast majority of victims are still waiting for compensation.

Throughout 1989, criticism of the settlement grew. The Government of Mr Rajiv Gandhi was accused of a "sell-out".

Standing by the terms of the February settlement it blamed long delays in payment of compensation on legal actions brought by citizens' action groups in the Indian Supreme Court challenging the validity of the 1985 Bhopal Claims Act. The Act was rushed through Parliament two months after the disaster giving the Indian Government exclusive rights to bring legal actions on behalf of the Bhopal victims.

Criticism of the settlement also came from outside India and in particular from the US where a number of Bhopal action groups had been looking at possible ways of reopening litigation against Union Carbide.

The California-based Bhopal Justice Campaign, for example, has been at the forefront of recent attempts to revive US litigation over the disaster. It estimates that $4.6bn will be needed just for health care before the question of compensation for the 260,000 victims is even considered. On the present US levels of damages the victims could expect to receive about $35bn for their injuries, the Campaign says.

From Union Carbide's point of view the issue is closed. The company paid over the $470m to the Indian Government in February 1989 in return for indemnity from all existing and future criminal and civil actions against the company and its executives.

The company is happy that despite the renewed attempts to review the terms of the settlement and the legality of the 1985 Bhopal Claims Act, the settlement will stand.

However, the picture has become more complicated since the election of Mr V P Singh's Government at the end of last year. In December Mr Singh, who had been highly critical of the settlement while in opposition, declared that he was now firmly opposed to it.

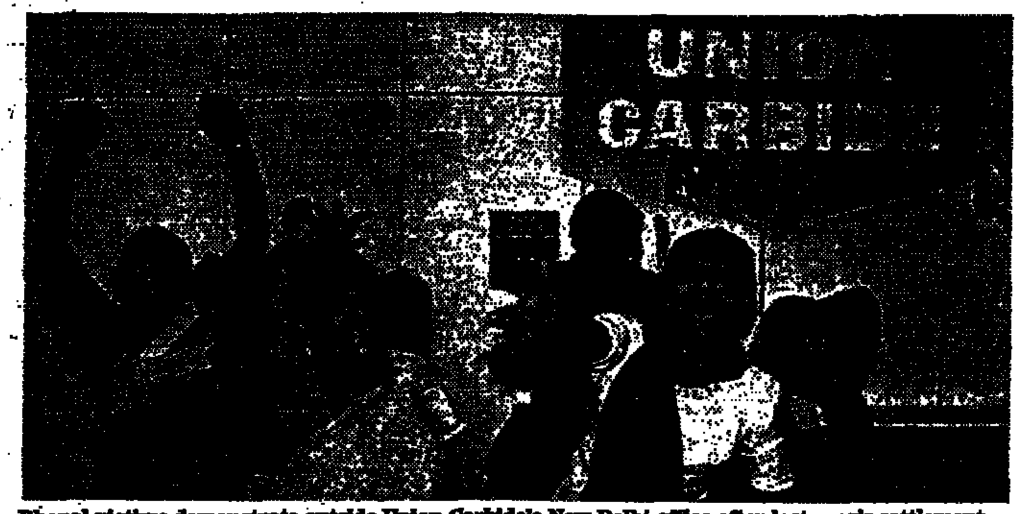
The Government will support the petitions brought by the victims seeking judicial review of the February 1989 settlement and the legality of the 1985 Act which purports to make the Government sole representative of the victims.

The Government would also like to see the original claim for $3bn lodged in the Bhopal District Court in September 1986 restored and criminal proceedings brought against the company and its officers.

Part of the disquiet expressed over the $470m settlement stems from the fact that when the Indian Supreme Court made its order in February 1989 it was only supposed to be considering an appeal by Union Carbide against an order of the Indian High Court in April 1988 that it should pay interim compensation of $193m.

With no notification, the Court ratified a final settlement which many victims regard as a sell-out.

In India at least it seems the case may not yet be over and the decision of the Supreme Court on the legality of the settlement terms and the 1985 Act is eagerly awaited. In the US, however, the chances of reviving litigation now seem remote.



Bhopal victims demonstrate outside Union Carbide's New Delhi office after last year's settlement

When the US courts ruled in 1986 that India was the correct forum it was the end of any realistic hopes of having the cases heard in the US.

Many observers also feel that if the Indian Supreme Court upholds the legality of the 1985 Act that will also effectively be an end of the matter in India.

If that turns out to be the case there seems little chance of the majority of the Bhopal victims receiving a proper compensation for their injuries.

There appears to be real confusion about how much has already been paid out in interim payments and how much of the $470m will finally be paid out and to how many.

There are reports of voluntary payments of Rs10,000 ($550) being made to the relatives of 3,323 people who died (340 bodies were not identified) and of the Government making interim payments of about $675 to tens of thousands living in 36 districts of the city.

The state is also paying Rs750 a month to 1,700 families who have lost one or more breadwinners.

Victims are, however, still said to be dying at the rate of one a day and there are constant disputes over the categorisation of the injured under the claims review format established by Mr Gandhi.

About 360,000 claims for compensation have so far been dealt with, 170,000 of which are for slight injuries. The number of totally disabled is put at 32 while 9,000 people are suffering partial and permanent injuries caused by the gas.

Indians with a taste for the law are clogging courts

K.K. Sharma writes that the Chief Justice is horrified by delays that are undermining the legal process

INDIANS are possibly the most litigious people in the world. They go to court at the drop of a hat, whether it is to fight with the landlady, recover debts, settle disputes over land, sort out family quarrels or get redress for imagined erosion of fundamental rights.

This makes the legal profession one of the most lucrative in the country and law colleges find they have to turn away students aspiring to be lawyers. But the result is that the judicial system is under considerable strain and on the verge of collapse.

A conservative estimate is that 200,000 fresh cases are filed every year and the courts can dispose of no more than 90,000. Such are the delays in the judicial system that, for instance, a tenant can avoid paying rent for as long as 10 years simply because his landlord cannot get a judgment on an arrears suit.

Mr E.S. Venkataramaiah, the Chief Justice of India, has long been horrified by the delays and has urged the Government to take immediate remedial measures.

India's judiciary is one of the country's few democratic institutions that is still independent of political influence, even though judges in the High Courts and the Supreme Courts are appointed by the Government.

There have been instances of political interference, for instance the supersession of judges in the Supreme Court by Mrs Indira Gandhi, former Prime Minister, in favour of those who would be favourably inclined to uphold some of her radical policies. By and large, however, the judiciary is considered fair-minded and independent even though corruption at district and lower courts is widespread.

Much more worrying is the strain on the system caused by the litigious nature of the general public.

So cluttered are the courts by old and fresh cases that some high courts, which have the jurisdiction to try new suits, are presently adjourning trials from now to 1991 or 1992. In some civil courts, suits have been pending for more than ten years.

"Millions of manhours are being wasted every day throughout India by litigants and witnesses congregating near courts every day and returning home without their cases being taken up for hearing," says the Chief Justice. "There is frustration, disenchantment and increased social tension. Society is losing its shock absorber."

The judiciary has not expanded sufficiently to cope with the rush, mainly because of lack of funds to appoint new judges and build courtrooms at all levels. Instead, even existing posts of judges have been left vacant for years.

In Delhi alone, there is a need for 200 new judicial posts. The Delhi High Court sought 169 additional posts to be created as long ago as 1983 but no action has been taken on the matter. Outside the capital the strains are considerably worse.

There are so many vacancies at all levels of the judiciary in all the States that justice is being demonstrably denied to hundreds of thousands of people.

The Chief Justice has asked for amendment of the Constitution to remove obstacles in the way of quick appointment of judges. He has recommended that every state should urgently frame special rules to fill all vacant posts.

"Stop saying there isn't enough money for these things," says Mr Venkaramaiah. "We have allowed things to deteriorate so much that no other alternative is possible at this stage. If we fail in our attempt to solve the problem in this way, we may have to turn to other, more drastic measures."

One radical approach he suggests is that rent control laws should be abolished since nearly 25 per cent of the cases pending in the Supreme and High Courts relate to litigation over rents or eviction.

He suggests that substantial investments should be made on solving the acute housing shortage problem, including use of "black money" (income not declared for tax purposes) for house-building.

The workload on the judicial system – and hence lack of justice for hundreds of thousands of people – has reached such a level that the Chief Justice fears the entire democratic system is endangered.

"There is bound to be a catastrophe in about a year's time," he said. "The delay and backlog will lead to disarray in the functioning of a constitutional Government."

Janata Party takes political reins in two states for first time

By K.K. Sharma in New Delhi

INDIA'S Hindu fundamentalist party, the Bharatiya Janata Party (BJP), took over political power on its own for the first time yesterday with the swearing in of Chief Ministers in the central Indian state of Madhya Pradesh and the northern state of Himachal Pradesh.

The BJP also formed coalition governments with the Janata Dal party of Mr V.P. Singh, India's Prime Minister, in the western states of Gujarat and Rajasthan, thereby sharing power in two more important states in the country.

Mr L.K. Advani, President of the BJP, yesterday made it clear, however, that his party feels nothing has changed in the national scene: the BJP would not join Mr Singh's government. It would continue to give "critical support" to Mr Singh's Janata Dal central government.

The emergence of the BJP as a major political force, wielding effective power for the first time in the key Hindi-speaking belt, is the most significant outcome of elections in eight states last week.

Unlike other states, the disciplined BJP had no difficulty in choosing its Chief Ministers despite Mr Advani supervising the party's choice in Madhya Pradesh and Mr A.B. Vajpayee, another senior leader, going to Himachal.

The Chief Minister in Madhya Pradesh is Mr Sundarlal Patwa and in Himachal Mr Shanta Pawar.

The BJP will share power with the Janata Dal in Rajasthan where the government is led by its nominee, Mr Bhairon Singh Shekawat, after the two parties together won a clear majority. The BJP will, however, be the dominant partner.

In Gujarat, the Janata Dal-BJP coalition's Chief Minister is Mr Chimanbhai Patel. A former Congressman, Mr Patel was sworn in as the Janata Dal nominee after the BJP withdrew initial opposition.

In the eastern state of Orissa, the Janata Dal won an easy majority on its own, mainly because of the charisma of Mr Biju Patnaik, a senior politician, who has become Chief Minister.

The Congress retained power in the western state of Maharashtra where the party's powerful leader in India's most industrialised state, Mr Sharad Pawar, continues as Chief Minister.

Although he has a greatly reduced majority, Mr Pawar checked a concerted and formidable challenge from the BJP and its ally, the Shiv Sena.

INDIA'S Central Bureau of Investigation yesterday filed preliminary charges against six people over allegations of pay-offs to middlemen in a Rs4.65bn ($278m) contract for the purchase of HDW submarines from Germany in 1981.

An inquiry into the alleged pay-offs was ordered by Mr V.P. Singh, India's Prime Minister, in 1987 when he was Minister of Defence in Mr Rajiv Gandhi's government. The affair led to his resignation and break with Mr Gandhi.

The matter has now been reopened by Mr Singh's government despite findings by a committee of inquiry formed by Mr Gandhi which found no basis for the allegations.

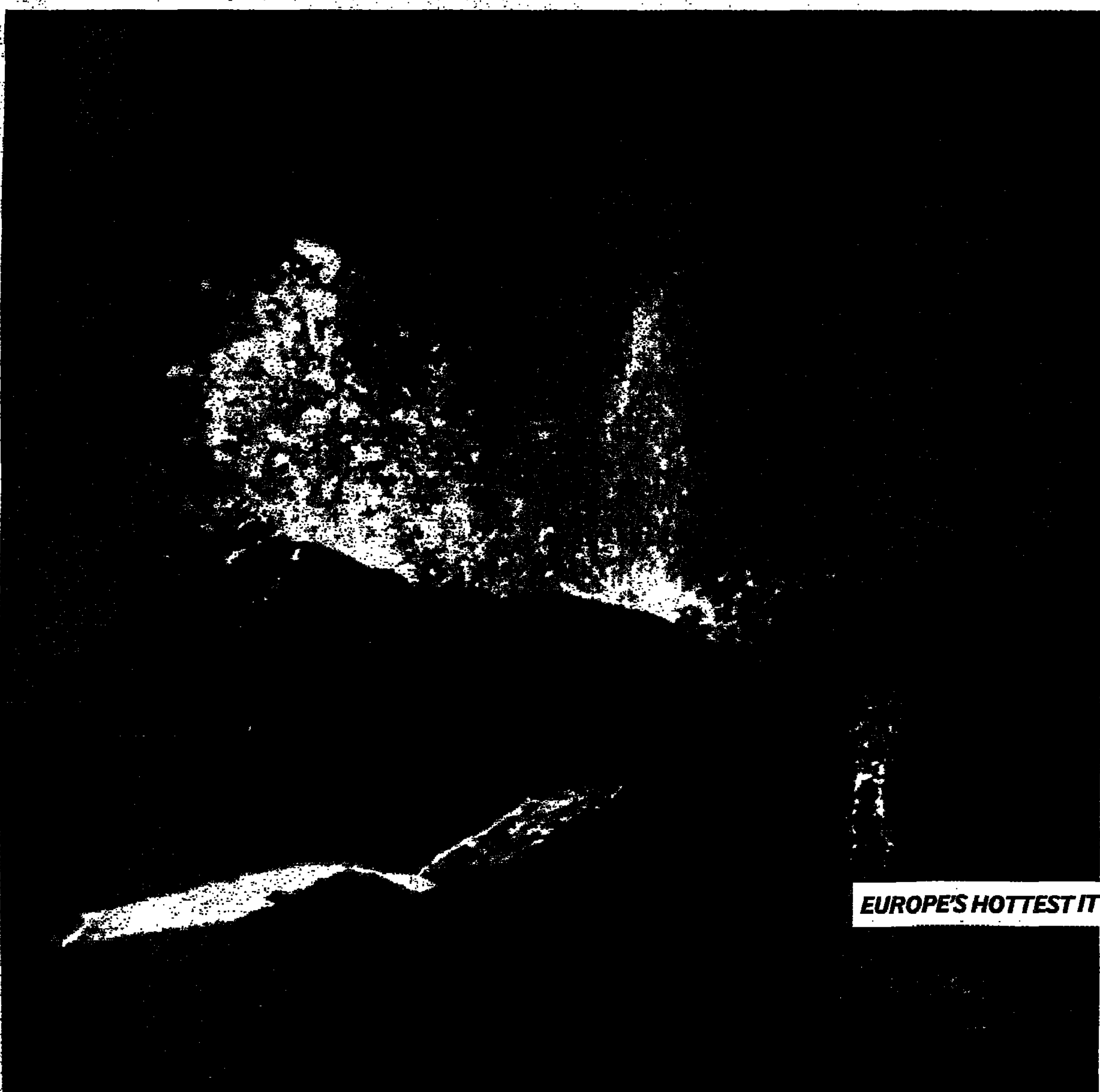
As in the Bofors deal, the CBI has now filed what is known as a first information report in a sessions court in Delhi to enable it to make detailed investigations both in India and abroad.

He thus emerges as a significant Congress leader with a power base of his own.

The three main states where the Congress is now in power are Maharashtra, Karnataka and Andhra, all of which are in the south.

● Kashmiri militants armed with Kalashnikov rifles attacked Indian security forces when curfew was lifted in Srinagar, capital of the state, for three hours yesterday, breaking an 80-hour lull in the fighting, writes Zafar Meraj in Srinagar.

Six people were reported killed, including four personnel of India's Border Security Force and a pedestrian. The deaths were, however, denied by an Indian spokesman who said two security men were injured.



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Argentina to cut spending and raise tax revenue

By Gary Mead in Buenos Aires

MR Antonio Erman Gonzalez, Argentina's Economy Minister, announced on Sunday evening a range of economic measures which, he said, would cut public spending by $2bn and increase tax revenues by $600m during 1990.

Argentina's public sector companies officially lost $5.5bn in 1989, and the Treasury deficit for February is conservatively estimated to be $40m.

Mr Gonzalez announced:

- the immediate retirement of all civil servants currently at or above pension age;
- immediate suspension (on full pay) of civil servants two years away from retirement;
- dismantling of 56 offices of secretary of state level, and 80 (out of the current 112) offices of sub-secretary of state level;
- suspension of free collective wage bargaining in the public sector;
- closure of one state-run bank (Banco Hipotercario Nacional, or BHN) and tighter state supervision of another (BANADE, the National Development Bank).

He also raised export duties on agricultural products by an average of 5 per cent and introduced daily inflation-indexation for all tax assessments.

No public employee will be permitted to earn more than 90 per cent of the President's salary (currently 2.52m australs or $632 per month).

Capital gains tax has been doubled (to 3 per cent). Payments of all debts incurred by the public sector to private companies will be suspended for two months. From April 1 the basic monthly public sector salary will be raised from its current 100,000 australs ($16.6) to 450,000 australs ($75 at current exchange rates).

Reactions were swift. By 11 am yesterday 1,000 bank union workers had occupied the central branch of the BHN in protest at its closure.

Mr Gonzalez said the plans to close sections of central government "do not necessarily imply" job losses. He promised BHN workers would be found jobs in other parts of government.

London broker jailed for bogus losses scheme

By Andrew Okun in Los Angeles

A LONDON commodities broker has been sentenced to three years in prison for helping American taxpayers evade their taxes.

David Lamb, 45, traded through his companies, London Atlantic Market Brokers Ltd and Van Lessen Richardson and Company Ltd. He and his former employee, Barry Hughes, 38, pleaded guilty in July to offering US undercover agents documents showing phoney losses in trades on the London Metal Exchange which could be used to offset income on their tax returns.

Assistant US Attorney Terree Bowers said the case was important because it shows that the US is "not only willing to investigate overseas, but the US is also willing to exact the same punishment on foreign nationals as on American citizens" if they help to defraud the Internal Revenue Service.

Court papers say Lamb helped to arrange trades for two prominent New York tax attorneys convicted in 1988 of helping to arrange $1.6bn in bogus losses. Lamb and Hughes were the targets of an IRS and FBI probe in which two agents went to London in the guise of an investment adviser and a taxpayer and recorded conversations with the brokers. They were arrested in Los Angeles in May 1985 after accepting an invitation to explain the scheme in the US to potential clients, who turned out to be undercover agents.

Hughes was sentenced last Wednesday to a $1,000 fine for helping Lamb

US confirms contacts with Iran on hostages

By Lionel Barber

THE White House confirmed yesterday that indirect contacts were taking place between the US and Iran aimed at securing the release of American hostages held in Lebanon.

Mr Marlin Fitzwater, President George Bush's press secretary, stressed that no US government official was at present speaking to Iranians about the hostages, but he added: "We will keep open lines of communication with all parties, including Iran, who have influence over the hostage-takers."

Mr Fitzwater's remarks formed part of an elaborate statement in response to news stories at the weekend which suggested that the release of some or all of the eight Americans held in Lebanon could be imminent. Rumours have heightened because Mr Terry Anderson is approaching his fifth year in captivity on March 16. He is the chief Middle East correspondent of the Associated Press.

Speaking to reporters, Mr Fitzwater said diplomats from third countries, freelance businessmen and representatives of the families were involved in trying to play a helpful role. Often, these people kept the US Government informed of their actions but he said: "We know of no imminent release."

The Administration, while anxious to secure the release of the Americans, remains wary of any move which could be interpreted as striking a bargain with Iran. Memories of President Reagan's Iran-Contra arms-for-hostages fiasco remain strong, and a reminder came yesterday with the opening of the trial of Mr John Poindexter, the former National Security Adviser, on charges arising out of the affair.

Mr Fiztwater said the US-Iran relationship could only improve after the Tehran regime ended its involvement in hostage-taking and terrorism, but he described recent comments by President Hashemi Rafsanjani as encouraging. "We remain ready to deal directly with authorised representatives of the government of Iran, whenever Iran is ready to do so."

Civil rites of the Sixties marchers

Lionel Barber on the new respectability of one-time street protesters

THEY CAN still produce the spell-binding rhetoric, and the old fires flicker in their bellies; but otherwise the unmistakable air of respectability has descended upon the civil rights leaders of the 1960s.

They gathered in Selma, Alabama this week to commemorate Bloody Sunday, 25 years ago, when state troopers and an all-white sheriff's posse used tear-gas, bullwhips and electric cattle-prods on a crowd of 600 civil rights marchers at Edmund Pettus Bridge.

Everyone who was anyone in the movement was in Selma at the weekend: the Reverend Jesse Jackson; the Reverend Hosea Williams; the Reverend Joseph Lowery, president of the Southern Christian Leadership Conference; and Congressman John Lewis, another youthful member of Dr Martin Luther King's entourage, who was knocked senseless on March 7 1965. Today, he is the sitting member for the city of Atlanta in the US House of Representatives.

Mr Lewis's journey from protester to elected politician is a reminder of the true historical legacy of Bloody Sunday. The thuggery so appalled the country that President Lyndon Johnson was able to secure, within weeks, passage in Congress of the Voting Rights Act, the federal law which made certain that blacks would no longer, through chicanery or intimidation, be denied the right to vote.

In Brown Church, which served as a refuge for the bleeding and wounded 25 years ago, Mr Lewis reminded the black and white congregation how black voter registration has since changed the balance of power in the South: where once there fewer than 100 black elected officials, today there are more than 6,000 in the seven states of the Old Confederacy.

"There may be steps back, and there may be disappointments," Mr Lewis declared, "but we shall always include eternity in our perspective."

Not all blacks agree. Mrs Rose Sanders, a Harvard-educated lawyer who lives in Selma, belongs to a new breed of activists who argue that blacks have failed to match the political gains with economic gains; that the civil rights legacy of non-violent confrontation does not address problems such as "black-on-black" violence, rising high school drop-out rates and rampant drug abuse among blacks.

(One grizzled veteran of the Selma march to Montgomery made a brave effort: "We gotta jump on cocaine just like we jumped on George Wallace," he told an audience of baffled schoolchildren.)

Mrs Sanders has played the leading role in the Selma public school boycott, called soon after the white-majority school board refused last December to renew the three-year-contract of Dr Norward Roussell, the city's first-ever black superintendent. Mrs Sanders, who along with her husband is a partner in the local black law firm, one of the largest in Alabama, immediately accused the board of racial discrimination.

The story of Dr Roussell's demise seemed to fit most people's preconception of Selma as a segregationist stronghold – despite the evidence of change best summed up by the white and black police officers cruising side-by-side around town in their patrol cars.

Mrs Sanders, whose chaotic manner belies a sharp eye for the pre-packaged news story, then accused the school board of propagating a system known as "tracking" – the equivalent of British "streaming" – on racial grounds. Thus black students were being unfairly held back, unable to take more difficult subjects such as biology and algebra and unable to score high grades – and she cited her own daughter's experience as proof of racial bias.

Most informed observers believe, however, that "tracking" *did* exist when schools were desegregated in the 1960s, mainly to preserve the separation of whites and blacks. But in January 1989, the Selma Board of Education, acting after months of public discussion and consultation, approved a three-tier plan for grouping students into different streams or "tracks". Grouping is now based on standardised tests, and parents have the right to challenge and request a different placement.

As for Dr Roussell, a report in July 1989 – signed by black and white members of the school board – warned the black superintendent from New Orleans that his contract was in jeopardy. He was found to be a poor delegator, a weak supervisor, and he exercised poor judgment. He scored his highest marks in personal presentation.

Mrs Sanders's campaign polarised the community in Selma and spelt the end of efforts led by Mayor Joe Smitherman, a white who has ruled the city for most of the past 25 years, to put together a Bloody Sunday commemoration committee made up of all races. The few blacks who had joined the Smitherman committee backed off when Mrs Sanders pushed for her own body – the 21st Century Youth Leadership Fund – to take the lead role.

To Mrs Sanders, Mayor Smitherman's continued tenure epitomises how little has changed about Selma. To Mr Otha Carneal, 71, who has lived in the city all of his life, there is a different moral to the story and to the anniversary of Bloody Sunday.

Twenty-five years ago, racists led by Sheriff Jim Clark of Dallas County, sought to enlist Mr Carneal in a whites-only "Citizens Council" to take on the civil rights activists led by Dr King. Mr Carneal, who ran a car parts business in the city which employed black and white workers, refused and immediately faced threats of a white boycott.

Mr Carneal says that just as white moderates were afraid of standing up to the supremacist bullies epitomised by Sheriff Clark, now black moderates fear to stand up to Mrs Sanders. "This is a tragedy for the schoolchildren, and for the city of Selma," says Mr Carneal.

March 1965: Martin Luther King and his wife setting out on the march from Selma to Montgomery

Mr Carneal is now braced for Mrs Sanders and her supporters to make an all-out bid for control of the council and the mayor's office (Mr Smitherman has ruled out another term). He shudders at the consequences.

And so surely would former Sheriff Clark, now 67 and selling mobile homes in southern Alabama. Sheriff Clark craves the respectability now gained by the civil rights leaders, but that is a little difficult: in 1978, he pleaded guilty to a scheme to smuggle 6,000lbs of marijuana.

Political stalemate likely over US budget

By Peter Riddell, US Editor, in Washington

PROSPECTS of a lengthy political stalemate over the US budget increased yesterday as Senator George Mitchell, the Democratic majority leader, said he saw no purpose in opening bipartisan negotiations.

Five weeks after President George Bush's budget, the Democratic leadership is undecided, and partly divided, about its own proposals. A task force is still working on a response both to the Administration's call for a cut in capital gains tax and to the reduction in the social security payroll tax proposed by Democratic Senator Daniel Patrick Moynihan.

After arguments over implementation of the budget agreement reached last April, Senator Mitchell said yesterday he did not see "any purpose in going through that again this year given the experience of last year". There may, however, be at least a meeting with the White House, even if the talks do not get anywhere.

The Administration is not pressing for an early agreement, believing it has the initiative in the form of automatic across-the-board spending cuts which would be imposed in October under the Gramm-Rudman deficit reduction law.

Meanwhile, both Mr Dan Rostenkowski and Senator Lloyd Bentsen, chairmen of the taxwriting House Ways and Means and Senate Finance committees, have suggested they will not able to find sufficient additional revenue and increased taxes to meet the budget's $14bn target on the tax side.

Canada reserves fall

CANADA spent one-eighth of its foreign currency reserves last month propping up the Canadian dollar in the face of international selling pressures, writes Bernard Simon in Toronto. The finance department said yesterday that the reserves dropped to US$13.67bn at the end of February from $15.65bn a month earlier.

THE FORMOSA FUND

DISTRIBUTION OF INVESTMENT PROFIT FOR 1989

Kwang Hua Securities Investment and Trust Co., Ltd., the manager of the Formosa Fund, announces that pursuant to article 24 of the securities investment trust contract, it has determined that no investment profits shall be distributed with respect to the year ending December 31, 1989.

As no profits shall be distributed, the right of the beneficiaries to request redemption and to register transfers of ownership of units of the fund shall not be suspended.

The original of this announcement is filed for reference at the office of the fund manager, Kwang Hua Securities Investment and Trust Co. Ltd., and may be consulted to verify and accuracy of this copy.

The results for the year ended December 31, 1989 as certified by the accountants for the Formosa Fund, Chiang, Lai Lin, Touche Ross, are set out herein.

STATEMENT OF INCOME AND EXPENSES AND ACCUMULATED DISTRIBUTABLE INVESTMENT INCOME

INCOME	NEW TAIWAN DOLLAR
CASH DIVIDENDS	$18,675,927
INTEREST	26,507,400
STOCK DIVIDENDS - REALIZED	25,934,170
TOTAL INCOME	71,117,497
EXPENSES	
FUND MANAGER'S FEE	52,159,806
FUND CUSTODIAN'S FEE	6,952,535
AMORTIZATION	2,722,170
TAX	10,661,125
OTHERS	2,513,934
TOTAL EXPENSES	75,009,570
NET INVESTMENT LOSS FOR THE YEAR	(3,892,073)
INCOME EQUALIZATION OF UNITS REDEEMED	1,435,266
ADD: BEGINNING BALANCE AS PREVIOUSLY REPORTED	(5,538,772)
LESS: INCOME DISTRIBUTED IN 1989	
TOTAL INCOME AVAILABLE FOR DISTRIBUTION	(7,995,579)
BALANCE SHEET	
ASSETS	
INVESTMENT - AT MARKET VALUE	$2,743,084,127
SHORT-TERM NOTES	352,244,770
DEPOSITS IN BANK	92,655,167
INTEREST AND DIVIDENDS RECEIVABLE	2,326,501
OTHER CURRENT ASSESTS	34,778
CAPITALIZED EXPENSES LESS AMORTIZATION	2,729,374
TOTAL ASSETS	3,193,074,717
LIABILITIES	
ACCOUNTS PAYABLE FOR STOCK SUBSCRIPTION	9,192,000
ACCRUED MANAGER'S FEE	3,754,515
ACCRUED CUSTODIAN'S FEE	500,695
TAXES PAYABLE	10,548,850
OTHER CURRENT LIABILITIES	1,837,877
TOTAL LIABILITIES	25,833,877
NET ASSETS	$3,167,240,040
REPRESENTED BY:	$3,175,236,416
CAPITAL ACCOUNTS	(7,995,579)
TOTAL INCOME AVAILABLE FOR DISTRIBUTION	$3,167,240,840
UNITS ISSUED	976,000
NET ASSET VALUE PER UNIT	$3,245.1

NORWAY

The Financial Times proposes to publish this survey on:

21st May 1990

For a full editorial synopsis and advertisement details, please contact:

Chris Schaanning
or
Gillian King
on 01-873 3428 or 4823

or write to them at:

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New Increased Interest Rates

From 1st March 1990 the rates of interest payable on Portman Wessex investment accounts have been increased. The new rates are as follows:

	Net% Annual Interest	Gross Equivalent % (at 25% tax)
EXTRA ORDINARY SHARES	11.00	14.67
PREMIUM-PLUS SHARES		
Balance £50,000 +	11.75 (11.25)	15.67 (15.00)
Balance £20,000 +	11.50 (11.00)	15.33 (14.67)
Balance £5,000 +	11.00 (10.50)	14.67 (14.00)
YOUNG GENERATION CLUB	9.75	13.00
ORDINARY SHARES †	7.50	10.00
COMPANIES ACCOUNT	10.61	14.15
INTERNATIONAL ACCOUNT	paid gross	15.00 (15.00)
CHARITIES ACCOUNT	paid gross	15.00
CURRENT ACCOUNT †		
Balance £500 +	8.00	10.67
Balance £1 +	6.50	8.67
WESSEX ORDINARY SHARES AND PORTMAN SPECIAL ACCOUNT † (Existing Accounts only)	11.02	14.69

Monthly income rates in brackets where applicable. † Interest paid half-yearly.

The rates of interest on all current and discontinued investment accounts (except existing Fixed Rate Bonds) will be increased by 0.75% from 1st March 1990. Full details of our complete investment range may be obtained from any Portman Wessex branch or by completing the coupon and sending to:

Administration Centre, Richmond Hill, FREEPOST, Bournemouth, BH2 6TB
or telephone (0202) 292444

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View: Friday, 9th March, 6.00pm – 9.00pm.
Saturday, 10th March, 9.30am – 12 Noon,
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EUROPE

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NOTICE OF REDEMPTION

To the Holders of

PEGASUS GOLD CORPORATION

8½% Guaranteed Convertible Bonds Due 1992

NOTICE IS HEREBY GIVEN, to the holders of the outstanding Bonds described above (the "Bonds") that Pegasus Gold Corporation has elected to and will redeem, on April 6, 1990, all of the outstanding Bonds of said issue, at a redemption price equal to 104½% of the principal amount thereof plus accrued interest to the redemption date in the amount of $US 528.89 per $10,000 Principal Amount, all pursuant to the provisions of the Paying and Conversion Agency Agreement by and among Pegasus Gold Corporation, Pegasus Gold Inc., and Morgan Guaranty Trust Company of New York, as Principal Paying Agent, dated as of August 23, 1985 and the Bonds.

On and after April 6, 1990, the Bonds will no longer be outstanding and interest thereon shall cease to accrue.

Payments will be made on and after April 6, 1990, against presentation and surrender of Bonds with coupons due August 23, 1990 and subsequent coupons attached, subject to applicable laws and regulations, at the offices of Paying Agents set forth below, by United States dollar check drawn on a bank in the City of New York and delivered or mailed to an address outside the United States or transfer to a United States dollar account maintained by the payee with a bank in a European City.

Conversion Right

The holder of any definitive Bond has the right, at his option, to convert his Bond into Common Shares of the Corporation on or before March 30, 1990. The number of shares to be issued upon conversion shall be determined by dividing the principal amount of such Bond by US $10.7527 per Common Share. No fractional shares will be issued and no cash will be paid with respect to such shares.

It is the opinion of the Corporation's management that the value to be realized by bondholders through exercise of the Conversion Right will exceed the value realized through redemption of the Bonds so long as the market price of the Corporation's Common Shares is greater than $US 11.80. The composite market price range of the Corporation's Common Shares for the 30 trading days ended February 22, 1990, as reported in the Wall Street Journal, was as follows:

High—$US 16⅛; Low—$US 13¾.

In order to exercise the Conversion Right, bondholders must surrender the Bond to be converted on or before March 30, 1990 to the specified office of any of the Conversion Agents set forth below, accompanied by a duly signed and completed conversion notice, the form of which is obtainable from the specified offices of the Conversion Agents.

PRINCIPAL PAYING AND CONVERSION AGENT

Morgan Guaranty Trust Company
of New York
Morgan House
1 Angel Court
London EC2R 7AE

PAYING AND CONVERSION AGENTS

Banque Leu Geneva S.A.
(Formerly Banque Gutzwiller, Kurz, Bungener S.A.)
17 Rue Bovy-Lysberg
CH 1204, Geneva

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
Luxembourg

Morgan Guaranty Trust Company of New York
Avenue des Arts 35
Brussels

Swiss Bank Corporation
1 Aeschenvorstadt
CH 4002, Basle

Morgan Guaranty Trust Company of New York, as Principal Paying Agent, expresses no opinion as to the advisability of converting these securities.

PEGASUS GOLD CORPORATION
By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, *Principal Paying Agent*

Dated: March 6, 1990

Sime Darby

Sime Darby Group

INTERIM ANNOUNCEMENT
HIGHLIGHTS OF CONSOLIDATED RESULTS FOR THE HALF-YEAR ENDED 31ST DECEMBER 1989

	1989 M$ Million	1988 M$ Million	% Increase
TURNOVER	2,365.7	1,980.7	19
PROFIT BEFORE TAXATION	280.7	226.0	24
EARNINGS	129.7	102.5	27
EXTRAORDINARY PROFITS	4.6	33.3	
	Sen	Sen	
EARNINGS PER SHARE	8.3	6.6	26
DIVIDENDS PER SHARE – GROSS	3.5	3.3	6

Profit before tax of M$280.7 million is 24% higher than that achieved in the first six months of the last financial year with improved profitability coming from all the major Group businesses except Plantations.

It is the view of the Board that the profitability for the second half year will approximate to that of the first six months.

NOTICE TO NOTEHOLDERS

CHRYSLER FINANCIAL CORPORATION
US$ 100,000,000 7¼% NOTES DUE 1991

In accordance with Clause 4 (a) of the Terms and Conditions of the above issue and in compliance with the provisions of the Fiscal Agency Agreement, notice is hereby given that the securities are subject to redemption at the option of the holder on May 15, 1990 at 99¾% of the principal amount.

To exercise such option the holders must deposit the Notes to be redeemed, together with all coupons appertaining thereto maturing after the redemption date, with any of the paying agents listed below not later than April 13, 1990.

Principal Paying Agent: Banque Paribas Luxembourg, Luxembourg

Paying Agents: Banque Paribas, Paris
Morgan Guaranty Trust Cy of New-York, Brussels
Swiss Bank Corporation, Basle

On behalf of the Issuer
BANQUE PARIBAS LUXEMBOURG

Luxembourg, March 06, 1990

BankAmerica Corporation

(Incorporated in the State of Delaware)

U.S.$400,000,000
Floating Rate Subordinated
Capital Notes Due 1997

Holders of Notes of the above issue are hereby notified that for the next Interest Sub-period from 7th March, 1990 to 9th April, 1990 the following will apply:

1. Interest Payment Date: 7th June, 1990.
2. Rate of Interest for Sub-period: 8 1/2% per annum.
3. Interest Amount payable for Sub-period: US$389.58 per US$50,000 nominal.
4. Accumulated Interest Amount payable: US $389.58 per US$50,000 nominal.
5. Next Interest Sub-period will be from 9th April, 1990 to 9th May, 1990.

Agent Bank
Bank of America International Limited

DONG AR CONSTRUCTION INDUSTRIAL CO., LTD.
US$ 100,000,000
FLOATING RATE NOTES 1997

Notice is hereby given that, in accordance with the provisions of the above mentioned Floating Rate Notes, the rate of interest for the six months period from March 5, 1990 to September 5, 1990 (184 days) has been fixed at 8.7875% per annum.

The interest payable on September 5, 1990 will be US$449.14 in respect of each US$10,000 Note and US$11,228.47 in respect of each US$250,000 Note.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme

AGENT BANK

Abbey National Treasury Services plc
USdol 22.000.000
guaranteed floating rate notes due 1991

In accordance with the provisions of the notes, notice is hereby given that for the interest period March 5, 1990 to June 5, 1990 the notes will carry an interest rate of 8⅜% per annum.

Interest payable on the relevant interest payment date May 31, 1990 will amount to USdol 5.190,97,- per USdol 250.000,- note.

Agent Bank:
Banque Paribas
Luxembourg

WORLD TRADE NEWS

Canada bid to end textile impasse blocked

By William Dullforce in Geneva

DEVELOPING COUNTRIES yesterday rejected a Canadian proposal aimed at removing the impasse in talks on the reform of world trade in textiles and clothing, and urged the European Community to table its ideas.

The Canadians claimed their proposal would introduce fair competition to the $200bn (£117bn)-a-year trade, which has been governed for the past 30 years by a Multi-Fibre Arrangement (MFA) letting richer nations impose import quotas.

The Canadian blueprint modified a US proposal whereby importing countries would start to apply global quotas for each product category. Under both plans, the MFA would not be renewed when it ends in July 1991, and the $200bn-a-year trade would gradually adjust to Gatt rules. But the Canadians would immediately free the trade from all measures inconsistent with Gatt.

Governments would be able to shield domestic industries against sudden import surges, in accordance with Gatt's so-called safeguard provisions. But during a transition period, the disciplines applied to these safeguards would be modified thus:

- the trigger for the measures would be "market disruption", not "serious injury" to domestic producers which has to be shown under Gatt rules;
- no compensation would be payable to exporters hit by the safeguard action.

Integration of textiles and clothing into Gatt by this process would be liberalising, market-oriented and non-discriminatory, Mr Pierre Gosselin, Canada's chief textiles negotiator, said. But Mr Hassan Kartadjoemena, chairman of the International Textiles and Clothing Bureau, the co-ordinating body for 22 exporting countries, rejected the basic concept of global quotas.

Such a mechanism would isolate domestic industries from market forces during the transition period and even offer them greater protection because the global quotas would limit the totality of imports. The US idea of applying a global basket of import quotas, progressively increased, would only increase competition among foreign suppliers.

Global quotas might be non-discriminatory but in practice restrictions would be enhanced for all types of supplier. Third World products, at present unrestricted, would be affected, with developing nations losing the chance to diversify products.

The EC said that it, too, could not subscribe to the global quota approach. Mr Kartadjoemena said it was time for the EC to spell out its ideas, if negotiators in Gatt's Uruguay Round were to have a blueprint for phasing out the MFA ready by July.

HK airline may drop China flights

CATHAY Pacific, Hong Kong's international carrier, is considering withdrawing from China and handing its Peking and Shanghai flights to Dragonair, acquired seven weeks ago in a deal with Peking's China International Trust and Investment Corporation (CITIC).

Talks ended in Peking last week on air traffic rights between China and Hong Kong, John Elliott reports. China agreed to let Dragonair replace five charter routes to cities such as Xiamen and Dalian with scheduled services. Cathay was to have one extra flight a week to Peking and Shanghai. The routes will still be dominated by the Civil Aviation Administration of China, whose three new regional airlines, Air China, China Eastern and China Southern, will fly to Hong Kong.

The accord shows co-operation is finally improving between Cathay and Dragonair. Cathay, with its parent company, Swire Pacific, bought 35 per cent of Dragonair in January. CITIC, with a 12 per cent stake in Cathay, acquired 38 per cent of Dragonair, formerly controlled by Hong Kong entrepreneur Sir Yue Kong Pao.

Cathay wants effective working ties with Peking before Hong Kong reverts to China in 1997. It sees its interests lie in helping Dragonair develop as a regional feeder airline in China, with extra flights to Peking and Shanghai.

US leads moves to ease CoCom licensing

THE US is moving swiftly to lead multilateral efforts to liberalise export licensing procedures for Western technology sold to emerging democracies of eastern Europe, Nancy Dunne reports from Washington.

The US has begun technical exchanges with Poland, Hungary and Czechoslovakia to advise on setting up control systems with which it hopes to safeguard sales of strategic goods and technology. New procedures would let Western inspectors check on-site in customer-countries.

Mr Robert Mosbacher, US Commerce Secretary, presented a safeguard proposal to the Czech Government last week. The US has been pressed by members of the Paris-based Co-ordinating Committee for Multilateral Export Controls (CoCom) to agree to ease export controls significantly.

Fearing that its allies, particularly West Germany, would break from Cocom, the US is seeking to lead and contain the process, especially to limit sales to Moscow.

Commerce Department officials insist the meetings with the east European countries are not formal talks but "technical exchanges". They say the three Eastern bloc nations have expressed interest in accepting US help like that hitherto provided to non-Cocom nations developing safeguards measures.

The US has not been ready to move as quickly as Western Europe, but members of Cocom last month agreed to a US proposal to cut the processing time for multilateral export licences from 12 to 8 weeks, and step up efforts to streamline the list of controlled products, as well as shorten the list in three key sectors: telecommunications, machine tools and computers.

The US has embarked on a fast-track review of the changing strategic picture, to present new proposals later this spring. Pressure to liberalise export licencing is coming from Congress as well, where both Democrats and Republicans worry that US business will lose high-technology sales to the Europeans.

The Pentagon, which traditionally takes a hard line on export controls, seems resigned to liberalisation. Mr Stephen Hadley, Assistant Secretary of Defence, said "a more restrictive US approach than that of our Cocom partners only disadvantages US companies without advancing the overall goal of technology security.

"We also recognise that this is unfair to US companies, and will lead to an erosion of the US key technology base."

Comecon-style trade war seeks export cuts

Hungary finds it is as good as useless to make a surplus, writes Nicholas Denton

HUNGARY and the Soviet Union are engaged in a trade war – not to reduce imports, but exports.

In the Comecon world everything is upside down. Trade surpluses in this Soviet-led trade bloc are to be avoided; soft products such as food and oil, are called "hard" because they can be sold for dollars, hard products are "soft", and the most profitable exports are those which the importing country wants least.

Hungarians have a sharp sense of the surreality of Comecon. "We give them two dead cats: they give us one dead dog," they say.

In late January, in response to a decline in Soviet exports and a growing imbalance of trade, the Hungarian Government took the drastic, unilateral step of suspending export licences and renewing only a proportion of them on a case-by-case basis. Some experts predict that later this year both the Soviet Union and Hungary will try to cut their exports even further until trade is limited to essential goods and that conducted between companies under barter arrangements.

Another round of talks to prevent this came to an end last week without an agreement on the annual protocol, which plans bilateral trade. A Soviet diplomatic source described the talks as "hard, very hard". Mr Erno Kemenes, head of Hungary's state planning office, said last week that the negotiations with the Soviets reminded him of a "cold war".

HUNGARY'S TRADE WITH SOVIET UNION

(bn roubles)

	Exports	Imports
1985	5.36	4.62
1986	5.06	4.95
1987	5.41	4.85
1988	5.35	4.55
1989	5.62	4.13

Source: UN Economic Commission for Europe (Geneva)

For 1989, Hungary valued the forint at 60.06 against the dollar and at 29.2 against the rouble – a cross-rate of roughly 2 roubles to the dollar. But the Soviet Union estimates $1 = 65 kopeks.

At issue is Hungary's huge surplus – 1.6bn transferable roubles (TR) (Comecon's unit of account) last year, 3 per cent of gross domestic product. The draft agreement of the International Monetary Fund with Hungary specifies that its trade should be brought into balance this year. But in the first three weeks of January, before the Government suspended exports, Hungary amassed a further TR350m.

Since no-one has every seen a transferable rouble, it is a surplus without value, an entry on a balance sheet which will probably be thrown away at the end of December. In theory it entitled Hungary to run a deficit in the future but this is almost certainly the last year of the transferable rouble – Comecon countries plan to phase in trade in dollars from January 1991 – and so Hungary has little time to spend its excess.

Hungary's proposal is to convert the accumulated transferable roubles into dollars. The Soviet Union agrees in principle but disagrees on the exchange rate.

Economic crisis in Hungary and the Soviet Union lies behind the trade imbalance. High interest rates in Hungary, to contain rising inflation, make Hungarian industry fall over itself to supply the Soviet Union: companies which export to the west can expect payment only after about 180 days; for exports to Comecon the Hungarian National Bank settles the bill after two weeks.

Add the artificially high prices for industrial goods and the effect is that it becomes a matter of survival for hard-pressed companies in the mechanical engineering sector to export to the Soviet Union.

Conversely, the Soviet economic breakdown has forced its exports to Comecon into third place behind the supply of the domestic market and exports for hard currencies.

Although Soviet officials admit this, they also feel aggrieved. Mr Tomas Alibegov, an influential Soviet economist, recently attacked Hungarian estimates of the size of the surplus and claimed that, in any case, the Soviet Union has been subsidising Hungary for decades. The Soviets' main grudge is that the prices for its oil and raw materials supplies to Hungary are well below world market levels.

Mr Lajos Bokros, a director of the Hungarian National Bank, blames the Comecon price system for the trade dispute. "When prices are distorted it is always possible to complain that one side is subsidising the other."

The conflict could be contained but for the fact that Comecon provides for no graduated response to violations of agreements.

"They say that in Comecon you only have two weapons: the water pistol and the atom bomb," remarks Mr Laszlo Csaba, a leading expert in Comecon trade. The water pistol is the small Comecon penalty for late delivery; the atom bomb is the primitive retaliation which, Mr Csaba said, has been normal behaviour since the mid-1970s and to which the Hungarian Government has had recourse this year.

Mr Bokros predicts a collapse of trade this year even if agreement is reached between the two governments. In anticipation of the demise of the transferable rouble, "enterprises will try to import rather than export because the exports will not be payable in hard currency".

In any case, argues Mr Csaba, trade will fall to about half its present level when Comecon conducts its affairs in dollars. The costs to Hungary of the transition will be high even if the Soviet Union agrees to share some of the burden: the terms of trade will deteriorate sharply when Soviet oil and Hungarian low-technology machinery are priced more realistically; and the mechanical engineering sector will lose much of its Soviet market, forcing some of Hungary's largest companies into insolvency.

But the consensus among Hungarian economists is that the pain will be worthwhile to escape what Mr Csaba calls the "hothouse atmosphere of Comecon trade" which cripples domestic performance.

POLAND is continuing to encounter problems in trade talks with the Soviet Union on mutual deliveries between 1991 and 1995, according to Mr Jerzy Osiatynski, the head of the Government's Central Planning Office, writes Christopher Bobinski in Warsaw.

Mr Osiatynski has told the Government newspaper, Rzeczpospolita, after talks with his Soviet opposite number, Mr Jurij Maslinkov, that Moscow is continuing to insist on greater supplies of consumer goods from Poland in exchange for raw materials than Warsaw is able to deliver.

There is also still a big discrepancy between Poland's natural gas needs set at 50bn cu m over the five-year period and the 40bn cu m Moscow is willing to supply.

The differences come as the two countries have yet to agree a trade protocol for 1990, with the Poles seeking to limit deliveries to the Soviet Union in the light of a mounting surplus which would mean an immediate start to repayments of a 5bn roubles debt which was to have begun in 1991.

Japan resumes insurance on trade with Poland

JAPAN has resumed insurance on trade by Japanese companies with Poland, with total coverage of $350m (£205m) for two years from yesterday, an official at the Ministry of International Trade and Industry (Miti) said, Reuter reports from Tokyo.

Miti is also considering providing export and investment insurance totalling Y10bn (£39m) on Suzuki Motor Co's planned car-plant venture in Hungary, he said.

The extension of the trade insurance programme was aimed at providing more trading leeway to the two East European nations, which need foreign goods and expertise to revitalise their economies.

Japan had suspended insurance on trade with Poland in 1984 after Poland rescheduled debt repayments. Each application for trade insurance would require screening.

Investment insurance for Hungary would cover Y4bn in investments planned by Suzuki and the trade house C. Itoh in the auto venture. The export insurance would cover Y6bn-worth of exports of engines, transmissions, industrial robots and machine tools to Hungary.

During a trip to Eastern Europe in January, Japan's Prime Minister Toshiki Kaifu promised to extend $350m in trade insurance to Poland and to double trade insurance for Hungary to $400m from the current $200m.

He also pledged Japan would offer $500m each to Poland and Hungary in loans from the Export-Import Bank of Japan over three years from Japan's fiscal year 1989/90 beginning last April 1.

France launches phone project

FRANCE has launched a pilot project for a network of over 5,000 pocket telephones, due to come on stream by next spring, ahead of a full national service by the mid-1990s, William Dawkins reports from Paris.

A Franco-UK consortium of five electronics companies has been chosen to set up the infrastructure for the first phase of the Pointel project, initially worth FFr50m (£5.16m)-FFr100m, to include 750 base stations in Paris and other French cities.

Eléctronique Serge Dassault (ESD) is the project leader, with Eléctronique Mecelec, Cap-Sesa, Sextant Avionique and GPTelecom, the French arm of GEC-Plessey Telecommunications.

ESD estimates the pocket phone equipment market could be worth over FFr2bn. France Telecom is expected to decide soon on who is to supply the 5,000-10,000 pilot handsets.

The system is modelled on the British Telepoint, where France Telecom and Deutsche Bundespost have stakes in the operating consortium. The French phones will have a radiopager and be able to receive calls diverted from the subscribers' normal number.

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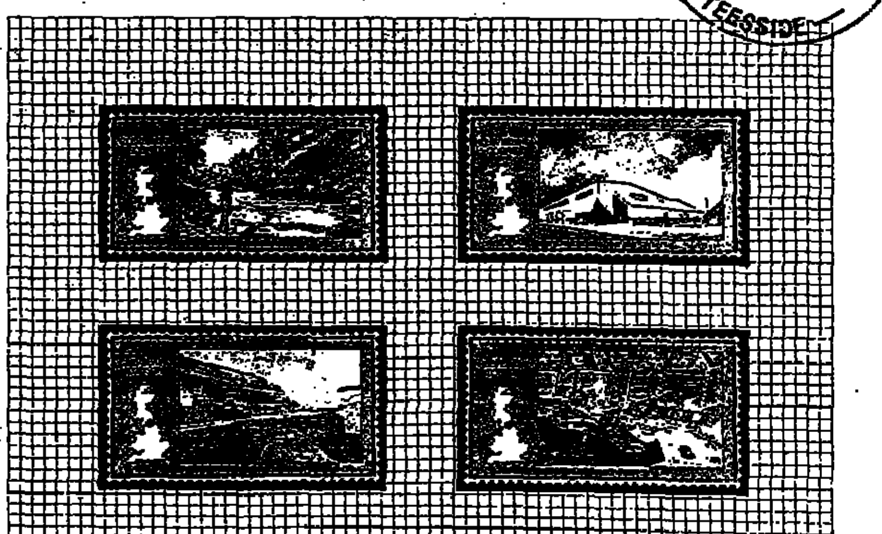

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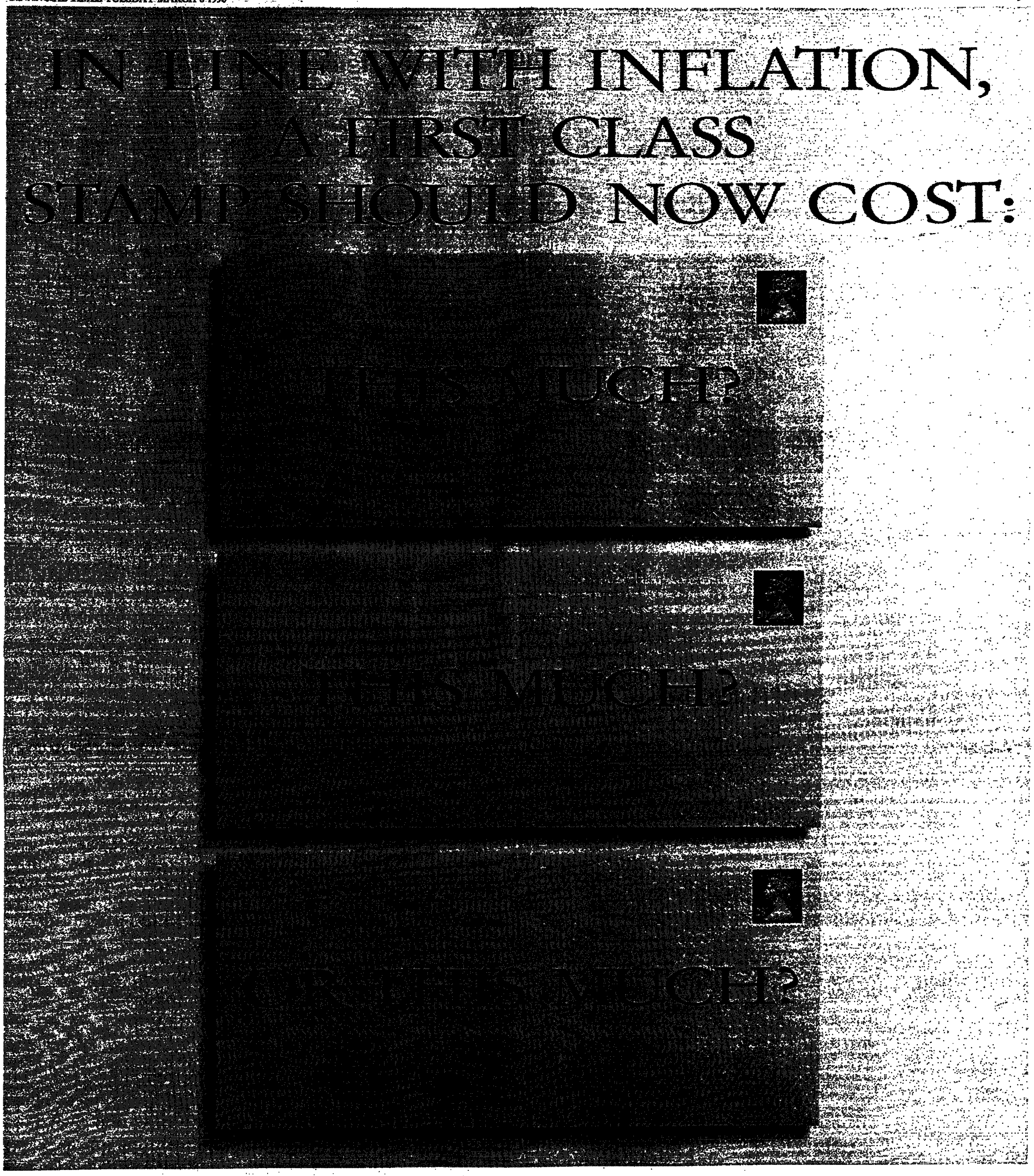

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GEC Alsthom chairman warns of job losses in heavy engineering

Desgeorges attacks power policy

By Nick Garnett

THE FRENCH head of GEC Alsthom, the British-French heavy engineering group, has launched an attack on the UK Government and the power station procurement policy in Britain, warning that it will cost jobs in British industry.

Mr Jean-Pierre Desgeorges, GEC Alsthom's chairman and chief executive said the recent rapid fragmentation of the UK's power station market which has hurt traditional equipment suppliers such as GEC Alsthom, would partly determine how the British-French group cut jobs and production capacity.

The group, formed at the end of 1988 in a merger of Alsthom with GEC's power systems division, has already said that it will have to rationalise from next year its network of factories making turbines and generators for power stations.

It has several sites in France doing this work and a number in the UK at Rugby, Trafford near Manchester and at Stafford. "We know that Mrs Thatcher is an arch liberal but look at the consequences," Mr Desgeorges said. "In the future it is not going to be good for the British equipment industry."

Plans for three large coal-fired stations and at least two nuclear stations in the UK have been scrapped over the past 18 months.

Fragmentation with the impending formation of PowerGen and National Power as power station operators has given greater impetus to non-British power station equipment makers.

Such suppliers have also been helped by the emergence of gas turbine technology as increasingly important compared with coal and nuclear.

In January Siemens of West Germany won the first big non-nuclear power station order in Britain for more than a decade. GEC Alsthom had competed for that order, worth about £350m, for a 900MW gas turbine plant at Killingholme, Humberside, north-east England. Asea Brown Boveri, the Swiss-Swedish group, is also building a gas turbine station in the north-west of England.

Until now, equipment for big power stations in the UK has always been supplied by British companies – GEC, Northern Engineering Industries and Babcock.

Asked if he was annoyed at the collapse of the UK's coal station programme – for which GEC Alsthom would have taken a big share of the work – and the emergence of Siemens in the British market, Mr Desgeorges said: "Yes, of course I am. I am very upset to see ABB and Siemens in the UK market. I must take some action against that."

● GEC Alsthom has decided to duplicate final assembly and some major component manufacturing in France and the UK for the trains it is building for the Channel Tunnel service.

The group won the £500m contract to supply 30 trains, each with two locomotives and 17 carriages, to operate between London and Paris and Brussels through the tunnel.

Fifteen of the trains will be assembled at the former Metro-Cammell site in Birmingham, which GEC Alsthom acquired last year, and the same number will be assembled at Belfort, France.

US investment in Ulster and Scotland

By Kieran Cooke and James Buxton

FRUIT of the Loom, the US textile company, is to build what it says will be Europe's biggest and most technologically advanced spinning mill on the outskirts of Londonderry, in Northern Ireland.

And Conner Peripherals, the rapidly growing US electronics company, is to begin producing computer disk drives at a plant in Irvine, Strathclyde, Scotland, in June. The plant is the first stage of a £50m investment in Scotland which the company believes could lead to the creation of up to 1,500 jobs.

The Fruit of the Loom £60m mill will initially employ 250, with a further 250 jobs to be created by the end of 1993. The mill is very good news for the Londonderry area which has, according to Mr John Hume, the local MP, the highest unemployment in Europe. In parts of the city male unemployment is more than 60 per cent.

Mr Richard Needham, the Northern Ireland minister for the economy, said Fruit of the Loom's move was the single largest new US investment in the province in the past 10 years.

"This is a tremendous boost and stimulus to the area" said Mr Needham. The Northern Ireland Development Board, the state body responsible for encouraging investment in the province, is supporting the Londonderry project with an undisclosed amount of funds.

Fruit of the Loom already has a sizeable presence in the area - but over the border in the Irish Republic. A manufacturing plant in Buncrana, County Donegal, 15 miles from Londonderry, employs 1,700 producing tee shirts and sweatshirts, mostly for export to the European market.

Mr Bill Farley, Fruit of the Loom chairman, says the company will employ 2,650 in Donegal by 1992, making it the largest manufacturing employer in the Irish Republic.

The Conner Peripherals plan, if fulfilled, would be one of the largest inward investments achieved by Scotland in terms of jobs.

The 40,000 square foot Irvine plant, which will serve computer makers in the EC, will employ up to 250 people.

Conner Peripherals claims to be the fastest growing company in US business history. Founded in 1986, it achieved sales of $113m in 1987 and last year joined the Fortune 500 with sales of $705m.

Conner Peripherals makes disk drives which store and retrieve data for personal computers. It particularly specialises in 2.5-inch and 3.5-inch drives for portable and laptop computers.

Its customers include many of the main US, European and Far Eastern computer makers. Compaq, the fast growing personal computer maker, invested heavily in Conner at its inception and still owns 32 per cent. Other customers include Apple, Digital, NEC, Sun and Seiko Epson. Compaq has a large plant in Scotland and Sun is shortly to open one. Apple has a plant in Ireland.

Another major customer is Olivetti of Italy, with which Conner in 1988 established a joint venture making disk drives at Ivrea near Olivetti's headquarters.

Floorspace figures point to UK slowdown

By Paul Cheeseright, Property Correspondent

NEW evidence of the slowdown in the economy emerged yesterday when it became clear that, during the second half of last year, there was the first increase in the amount of available industrial floorspace space since the 1982-83 recession.

Vacant industrial property in England and Wales during last December came to 75.7m square feet, 2.5 per cent more than in August, according to a survey carried out by King and Co, chartered surveyors.

Growth of the gross domestic product this year is expected by economists to be just over 1 per cent, markedly lower than the performance in the second half of the 1980s when economic expansion led to a steady decline in the amount of available floorspace.

Lower economic growth, against the background of high interest rates, suggests that the number of vacant factories will increase this year.

But the King survey, which measures the industrial property market for units of 5,000 square feet and upwards, noted sharp regional variations.

The amount of available floorspace, between last August and December, fell slightly in southwest and northern England and Wales, and sharply in north-west England. But for the first time since mid-1988 the amount of available floorspace rose significantly in Yorkshire and Humberside.

Nearly 40 per cent of the available floorspace in England and Wales is concentrated in south-east England, including London. The amount has been increasing, owing largely to the presence on the market of a large number of industrial properties with a relatively high office content.

Relaxation of planning controls in 1987 has led to a proliferation of property developments with a mixed industrial and office content, but a shortage of basic warehouses and industrial sheds.

The results of the King survey provide further evidence of weakening in the industrial property market. During 1988 total returns - a measurement of rental and capital growth - reached an abnormally high 47 per cent, according to the Investment Property Databank. But in the 12 months to January 1990, total returns slipped to 27.1 per cent.

The worldwide appeal of London

Paul Cheeseright on increasing overseas interest in English property

JAPANESE and Swedish buyers are leading a spurt in foreign investment in British commercial property, with London coming off best.

Foreign investment in British commercial property has increased sharply in the past year. The concentration of foreign interest in London has underpinned the property investment market in the capital.

In London, yields have held steady, while returns nationally have declined from the abnormally high levels of 1987 and 1988.

The rise of foreign interest has moved in parallel with growing appreciation of London's significance as an international financial centre, spurred to some extent by the moves to reduce trade barriers within the EC.

So far, the Japanese have been more interested in London than in other European cities, but the amount spent is small compared with their investment in US property.

Foreign property investment, both debt and equity based, reached £3.13bn last year, compared with £1.9bn in 1988, according to Debenham Tewson & Chinnocks, the chartered surveyors. Between 1985 and 1987, foreign buying had been running at £300m a year or less.

The flow of funds into the market has been smoothed by the presence of foreign banks in London and their rising importance as a source of finance for domestic property development. More than 40 per cent of bank lending to property companies has come from foreign banks. In 1984 they had a 21 per cent share of the market.

"Their willingness to become involved in major development schemes as lenders provided the initial stimulus to foreign developers and construction companies seeking opportunities outside their domestic markets," Debenham Tewson reported.

So construction and property groups such as Kumagai Gumi, of Japan, and Skanska, of Sweden, with property developments in central London and London Docklands have acted as trail-blazers for institutional investment in existing buildings.

Institutional investment grew in importance last year with, for example, Yasuda Life, the Japanese insurance group, buying River Plate House, an office complex in the City of London for £140m. SPP, the Swedish pension fund, backed a £200m venture in London's Docklands. Further, there has been a glimmer of US institutional interest, as JMB Realty of Chicago showed in its £194m takeover of Randsworth Trust, the British property investment company.

Swedish institutional investment has been stimulated by the relaxation of exchange controls, and not in the UK alone. However, beyond that there is a slow but steady movement among the large insurance groups and pension funds in industrialised countries to diversify their investment portfolios. Commercial property plays a small part of this.

However, movement into a foreign markets tends to be cautious and this explains the concentration of interest on the London market, perceived to be safe and stable because of its international financial significance.

Debenham Tewson calculated that 74 per cent of all overseas investment has been in London offices over the past two years.

This has had a profound impact on the local market. In effect, overseas interests have moved into a void left by domestic institutions, whose interest in property investment has been diminishing since the early 1980s.

The British insurance companies and pension funds generally have been running down their property investments rather than increasing them.

Although total net investment in property by UK institutions during the third quarter of 1989 was £441m, this followed a net disinvestment in the second quarter of some £225m.

Further, the London office market appears to be splitting in two. There is the part where the foreign institutions are interested and capital values are held high. Yet in the other part where they are not, capital values slip.

As Richard Ellis, chartered surveyors, put it: "Strong demand from overseas investors, despite rising inflation and high interest rates, continued to keep yields down for prime high quality buildings. However, other areas where predicted rental growth is negligible in the short term continued to experience increases in yield levels."

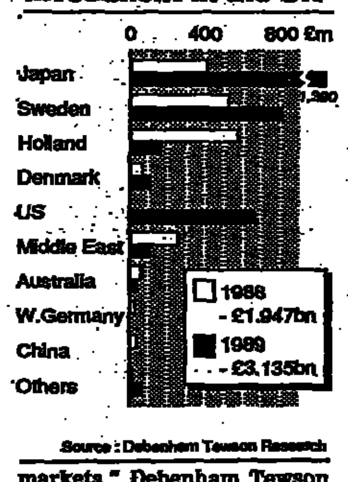
The disparity exists at least in part because some overseas investors, especially the Japanese, take an extremely long view of the market.

However, the relationship of the property investment market and the stock market is now such that it can be cheaper to buy a company than the portfolio of individual properties it might own. British property groups have been trading on the stock market at discounts to their net asset value of around 40 per cent as property shares have underperformed the rest of the equity market.

Yet the future pattern of the market is difficult to estimate. The main overseas players in the market from Japan and Sweden have been buying or thinking of buying in other European centres. This fact, plus high British interest rates, has led Savills, the chartered surveyors, to predict "a temporary decrease in the levels of investment during 1990 in central London by overseas investors."

Debenham Tewson doubts whether foreign investment will remain at the 1989 level, but believes that "the increasing globalisation of investment markets should ensure the role of the overseas investor remains a significant one."

Overseas property investment in the UK



Source: Debenham Tewson Research

John Laing Developments, the property development company, yesterday said it had teamed up with Shimizu Corporation, the Japanese construction group, to carry out a £55m development in Birmingham, turning the central post office into a 150,000 sq ft office complex.

In a separate deal, EIE International, the Japanese property group, is believed to have paid about £200m for Brittanic House West in one of last year's biggest City of London property deals.

According to Richard Ellis, chartered surveyors, Japanese buyers accounted for 72 per cent of the total value of City of London property deals last year.

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Subject to denomination each Warrant entitles to subscribe for one or eight common shares of Siemens AG, Berlin and Munich, of DM 50.- par value each, respectively, at a subscription price of DM 248.41 each. The shares are fully entitled to dividends for the current fiscal year.

To exercise the subscription right a Warrantholder shall via one of the receiving agents mentioned below and using a form available from the receiving agents file a written notice with Deutsche Bank AG, Munich Branch, as warrant agent. This notice to exercise the subscription right shall be binding. At delivery of the notice the Warrantholder shall pay the subscription price and surrender the Warrant together with all four receipts. The notice shall only become effective upon receipt of the subscription price and of the Warrant by Deutsche Bank AG, Munich Branch, as warrant agent by May 31, 1990 at the latest.

Based on legal grounds, subsequently tendered offers for the exercise of the subscription right cannot be accepted.

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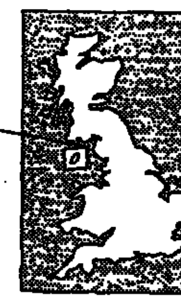

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UK NEWS

NEWS IN BRIEF

Union leader denies misuse of 'donation' from Libya

Mr Arthur Scargill, president of the National Union of Mineworkers, yesterday denied allegations that senior NUM officials had personally gained from an £163,000 donation claimed to have made to the union by the Libyan government during the 1984-85 miners' strike.

The NUM said accusations in the Daily Mirror newspaper were "nothing but vicious lies." It said no money had been received from Libya during the strike, and no donations had been used for the "personal needs of national officers.".

Guinness holiday

At the end of yesterday's hearing in the Guinness fraud trial the judge told the jury they could have a day off today – "while the rest of us see what the live issues are."

His decision came after hearing evidence that Mr Olivier Roux, the former Guinness's director of finance, had wide powers to authorise payments by the company without having them approved by Mr Ernest Saunders, then chief executive, who denies charges arising from payments made in the course of a share support operation mounted by Guinness during its 1986 takeover battle with Argyll for Distillers.

Declan Kelly move

The Directors of Declan Kelly Group,the privately-owned developer which went into voluntary liquidation last month, yesterday came under pressure during a creditors meeting over the amount of money owed to Bovis, the construction group.

Bovis claimed that the group was owed about £4.2m and not £205,680 as listed in the statutory information on principal trade creditors which was made available at the start of the meeting.

US-style recruitment

The TUC launched a recruitment campaign in Trafford Park, Manchester, northern England, drawing on techniques developed by US unions. Seventy-five non-union companies employing 5,000 people are to be the focus of the campaign.

Overseas consultancy

The management consultancy market topped £1bn last year, according to the annual review of the Management Consultancies Association - much of the unexpected increase was due to an 80 per cent rise in UK consultancy activity overseas.

West Germany was the largest source of European clients, closely followed by Belgium.

Bookmakers strike

Betting shop workers at Coral Racing, Britain's third largest bookmakers, have voted to strike by a two-to-one majority against the company's derecognition of the Transport and General Workers Union.

The strikes are planned to coincide with the Grand National and other big race days but the company said it expected the effect on business to be minimal because of the low level of union membership.

Correspondent meeting

The board of the Sunday Correspondent, the national Sunday newspaper launched last autumn, were understood to be meeting last night to discuss a significant injection of new capital. As much as £10m may be sought, in addition to the £18m capital raised to start the newspaper.

Card consideration

National Westminster, the largest member of the Access credit card consortium, is considering following Lloyds Bank and introducing an annual fee on its 4m credit cards. The decision rests mainly in the hands of Mr Derek Wanless, general manager in charge of UK retail business, and Mr Ron Williams, the bank's main credit card strategist.

Coal productivity

British Coal's productivity will improve this year by about only half the 11 per cent needed to offset the effect of the third mild winter in a row,

New frigate plan

Yarrow Shipbuilders, the Glasgow-based division of GEC, has proposed a new super-frigate as an alternative to the Nato NFR90 joint warship project which was recently abandoned.

Tories close ranks to fight poll

Government tries to calm nerves after tax turmoil

By Philip Stephens, Political Editor

THE Government yesterday sought to steady its supporters' frayed nerves after the political turmoil of the past few days, but senior ministers acknowledged that they did not expect an early recovery in its electoral fortunes.

Ministers are conceding that the prospect of a further rise in the inflation rate, no relaxation of the interest rate squeeze and a tough Budget makes it unlikely they will begin to recover in national opinion polls until later in the year.

Their concern now is that public displays of disunity might threaten a continued slide in sterling's value on the foreign exchange markets, which in turn would raise the spectre of a renewed rise in interest rates.

Meanwhile Mr Kenneth Baker, the Conservative party chairman, opened the party's campaign to retain the parliamentary seat of Mid-Staffordshire in the March 22 by-election with a strong attack on the opposition Labour Party's failure to publish its alternative to the Government's new community charge, or poll tax.

Mr Peter Walker, the Welsh Secretary, whose weekend announcement that he plans to resign from the Cabinet delivered a further jolt to the Government, voiced confidence that the party's standing would recover.

After the near-panic over the poll tax, which comes into force on April 1, the mood at Westminster yesterday was distinctly calmer.

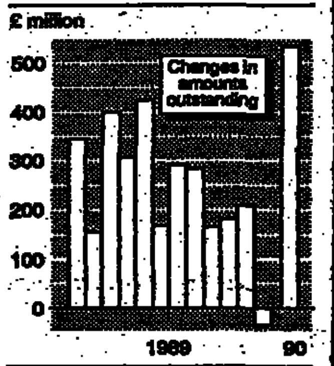
Party managers have been warning Tory MPs that their public expressions of alarm about the poll tax has provided ammunition for Labour.

Despite opinion polls suggesting that Labour is set to overturn the Government's 14,600 majority in Mid-Staffordshire, Mr Baker said that it would retain in the seat in the by-election - two days after the Budget.

In contrast, Labour appears increasingly confident that, it can secure what would be its biggest by-election victory since the 1930s.

Consumer credit

£ million



Record high for credit figures

By Rachel Johnson

CONSUMER BORROWINGS leapt to record levels in January, dashing market hopes that excessive credit growth is being squeezed out of the economy.

The amounts of total outstanding credit and new credit advanced to consumers both reached *all-time highs* – and gave the Chancellor of the Exchequer, Mr John Major, unwelcome evidence that UK consumers are still proving unresponsive to his medicine of high interest rates.

The Central Statistical Office announced that consumer borrowing from finance houses, building societies and on credit cards rose by £535m in January, after it had dropped £39m in the previous month. This monthly increase, which is the highest on record, takes the total of outstanding consumer borrowings to £27.3bn.

Government statisticians said that the flu epidemic before Christmas was partly to blame for the "artifically high" January figure. The epidemic had led to administrative problems which had distorted the past two months' figures, they said.

In the City of London, economists scoffed at what they said was a spurious explanation from the authorities. "It is testing *the credulity of the markets*," said Mr Neil MacKinnon, economist at Yamaichi, the securities house.

Economists at Greenwell Montagu agreed that the credit data, combined with money supply forecasts for February, pointed to an "alarming" buoyancy in consumer activity.

The statistical office said the seasonally-adjusted rise in outstanding credit of £535m had been exaggerated by £130m by the flu epidemic – but even so, was surprisingly high.

New credit advanced to consumers was a £3.95bn in January, up from a revised £3.38bn in December.

The Treasury said that the three-monthly total of £704m for borrowing increases - though still higher than the previous three-month total of £623m - was a better guide to the underlying trend.

The statistical office announced that the volume of UK retail sales fell a final, seasonally adjusted 1.8 per cent in January: unchanged from provisional figures.

Ford president predicts car sales boom in E Europe

By John Griffiths

EAST EUROPEAN car sales could double over the next decade from their current 2m, according to Mr Louis Lataif, president of Ford of Europe. He said that would create a significant opportunity for producers based in western Europe.

He told the Financial Times Motor *Conference in London yesterday that* total sales in eastern Europe could rise to 7m cars a year if car population densities reached western levels. But it could take two decades to see the full effects of the opening of markets.

Long waiting lists for East European-produced cars indicated that "there are lots of people there already who can afford cars but can't get them," he said.

And he produced figures to indicate that the gaps between East and West in terms of per-capita purchasing power were not as big as many might suppose.

Mr Laitif warned that opportunities were being offset by a fiercely-increased competitive climate inside Western Europe against the background of the region's capacity to make 2.2m more cars than it could sell.

With declared Japanese assembly capacity in Europe set to rise from 205,000 cars a year in 1989 to 840,000 by *1995 – 605,000* in the UK – *Mr Lataif* claimed that 60,000 European motor industry jobs would be lost by 1995 by Japanese "transplants" operating with 60 per cent "local" – or EC – content.

However, Nissan, Honda and Toyota, the main Japanese companies commited to large-scale "transplant" car assembly, are all aiming to achieve EC content of at least 80 per cent.

Stressing, like all the speakers, that quality has become a central issue for the industry, Dr Ing Hansjorg Manger, management board member of Robert Bosch, set out key challenges to be faced by component suppliers. He said they must "commit all of their resources to further advance the state of the art of their specific products."

He said that while between 200 and 300 Japanese component makers had followed Toyota and other Japanese car producers into the US, fewer were likely to come to Western Europe because of the latter's stronger components industry compared with the US.

In describing the harnessing of new technology for the motor industry, Prof Walter Kunerth, group president – automotive systems at West German electronics group Siemens, warned that dramatic changes were under way which would reshape the world motor industry in the 1990s.

"Suppliers must be prepared to cope with these changes or become casualties of market shifts as the vehicle is redefined and transformed".

Environmental standards in the form of exhaust emission controls would essentially become global, Prof Kunerth predicted. That would offer "very little opportunity in the long term to hide older designs and technologies in particular markets or regions".

● HONDA will not stop its efforts to increase the European content of its UK-built cars even after the 80 per cent level is reached, Mr Shojiro Miyake, managing director of Honda of the UK Manufacturing (HUM), said.

"We have a strong determination further to Europeanise all phases of our activities," Mr Miyake declared in discussing progress of Honda's £300m bid to build 100,000 Honda and Rover-badged cars a year in the UK starting at the end of 1992.

HUM has committed itself to achieving 80 per cent EC content within 18 months of starting volume production.

Insurance premiums harden following storms in Europe

By Patrick Cockburn

THE £5bn cost of storms in the UK and Europe since January 25 has triggered a hardening of premium rates in those parts of the London insurance market which will have to pay for much of the damage.

Mr David Coleridge, chairman of Sturge Holdings, the largest underwriting agency in the Lloyd's of London insurance market, said yesterday that the rates for reinsurance, the insurance taken out by insurers, were hardening fast.

He told the annual general meeting of the company: "We are now seeing the worldwide reinsurance market's capacity shrinking significantly."

Ever since Hurricane Hugo last year, insurers have hoped that the unprecedented series of disasters hitting the US and western Europe would end the worldwide depression in insurance rates.

Mr Jim Payne, chairman of EW Payne, the reinsurance arm of Sedgwick Group, the biggest European brokers, said yesterday that the $5bn cost of Hugo had jarred the market but the present round of rate increases had been triggered by the January 25 storm.

He believed, however, that it would be 1991 before insurance companies could pass on their increased reinsurance costs to their own customers.

Other brokers believe that reinsurance rates are only slowly stabilising although there have been increases in premiums for protection against catastrophe. Mr Hady Wakefield, chairman of CT Bowring Reinsurance, said the reinsurance industry remained very competitive and there would be no return to the sudden rate hikes of 1985.

The storms of of January and February are now believed to have cost some £3bn in the UK and £2bn in western Europe, with most of the loss being born by reinsurance companies. For instance General Accident, the Scottish-based composite, had claims of £60 – £70m but is reinsured for losses above £15m.

Royal Insurance, which was caught without catastrophe reinsurance in the October, 1987 storm, now has reinsurance protection for loss above £35m for any single incident. Nevertheless the number of storms this year means the company has suffered net losses of £85m in the first two months of the year.

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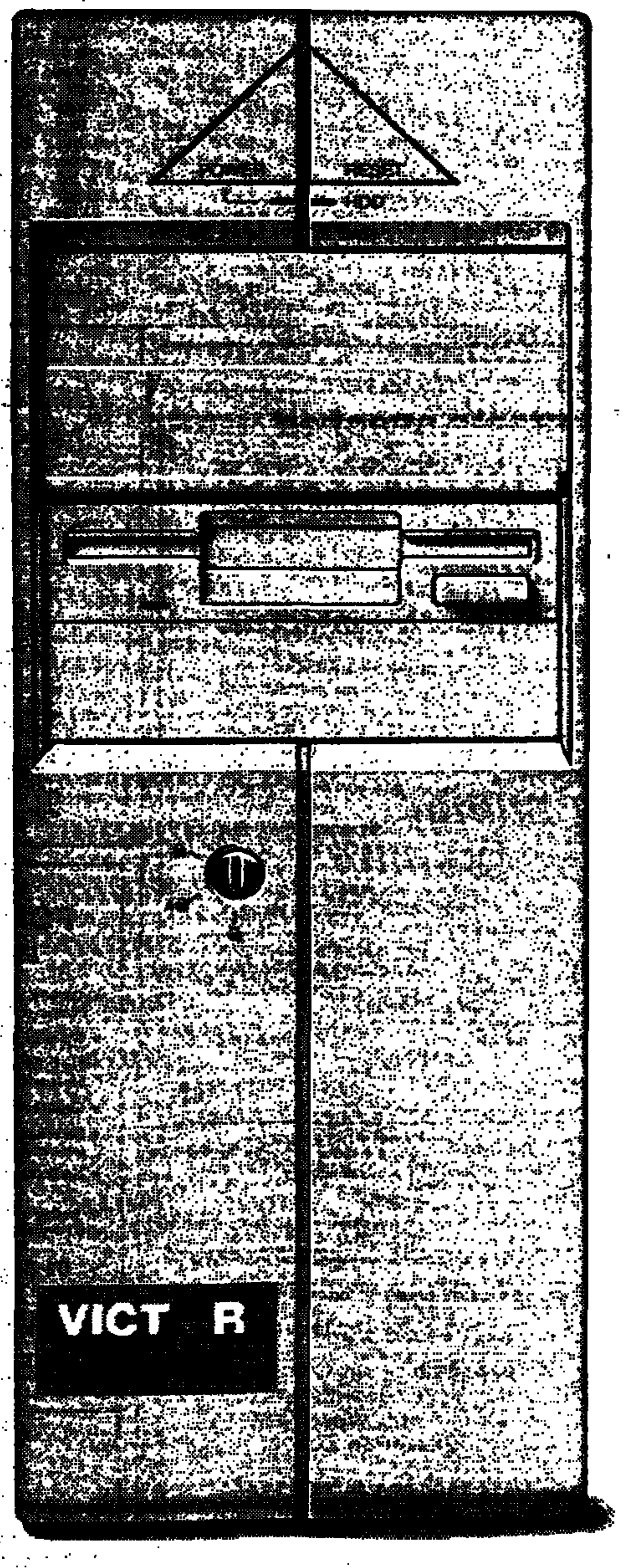

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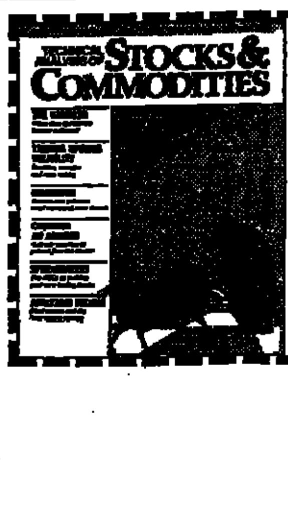

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Planning

Thinking of tomorrow instead of just today

Charles Batchelor concludes his series by examining how managers and directors can benefit from outside advice

Ian Quick and his two brothers, David and Jeremy, had built a successful company in the 15 years since their father had died. Ian had inherited a commercial stationery business with a staff of three and turnover of £30,000 in 1973 and by 1987 it had grown to employ 20 people producing sales of £1.3m and making healthy profits.

It was at this stage that Quicks, based in South Norwood, south London, ran out of steam and for two years turnover and profits stagnated.

"We were firefighting," recalls David Quick, finance director. "The problems of the day were all-consuming. We were hands-on managers rather than directors."

Help arrived in an unusual way. Out of the blue the brothers received a phone call from the government's Training Agency looking for small firms to act as pilots for a new programme to be known as Business Growth Training. The official on the line had apparently picked Quicks out of a business directory as a possible candidate. "They were offering to meet half of the costs of management training," says Ian Quick, managing director. "It seemed such a good deal we didn't believe it at first."

The Quicks spent three months working with Rob Lillystone of Hambleden Group, a Tunbridge Wells, Kent-based consultancy, devising a business plan - the company's first.

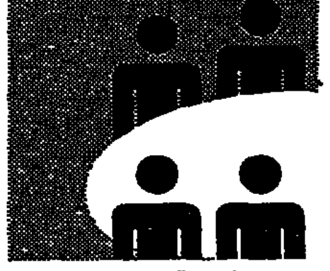
Budgets were introduced for five departments giving tighter control of spending and enabling the Quicks to introduce a bonus scheme for all staff. Previously budgeting had been done "on the back of a cigarette packet," says David Quick.

The computer system was reorganised to provide detailed monthly analyses of the performance of all the salesmen and of the overall financial performance of the company.

This information in turn allowed Quicks to categorise customers as A (large), B (medium) and C (small). Salesmen could see when customers were ordering less than usual; they earned bonuses from moving customers up a category by more persuasive selling; while time-consuming C-customers were either dropped or handed over to the tele-sales team.

The immediate impact of these measures was to boost turnover to £1.8m in the year ending this coming March 31, to improve pre-tax profits to £50,000 and to reduce staff turnover. The £20,000 cost to the company of the training programme (a further £20,000 came from the Training Agency) has been recouped in nine months.

More importantly, Quicks has set itself long-term objectives of raising sales to £5m by 1993/94, of winning trade and training quality awards and of



TRAINING

establishing a new and larger warehouse. It has also drawn up a mission statement pleding the company to honour God (the Quicks are committed Christians), to help staff develop, pursue excellence and grow profitably.

Like the owner-managers of most smaller British companies the Quicks had received no formal management training (though David is a qualified accountant) but had learned by experience. Sitting down with Lillystone and his flip-charts, dissecting the shortcomings of their business, was not easy but they were willing to learn.

This contrasts with the majority of the owner-managers of Britain's smaller companies. "Most small firms don't like training and they don't undertake any," comments Paul Burns, professor of small business development at Cranfield School of Management. "Less than two per cent of firms undertake training and it accounts for under one per cent of company spending."

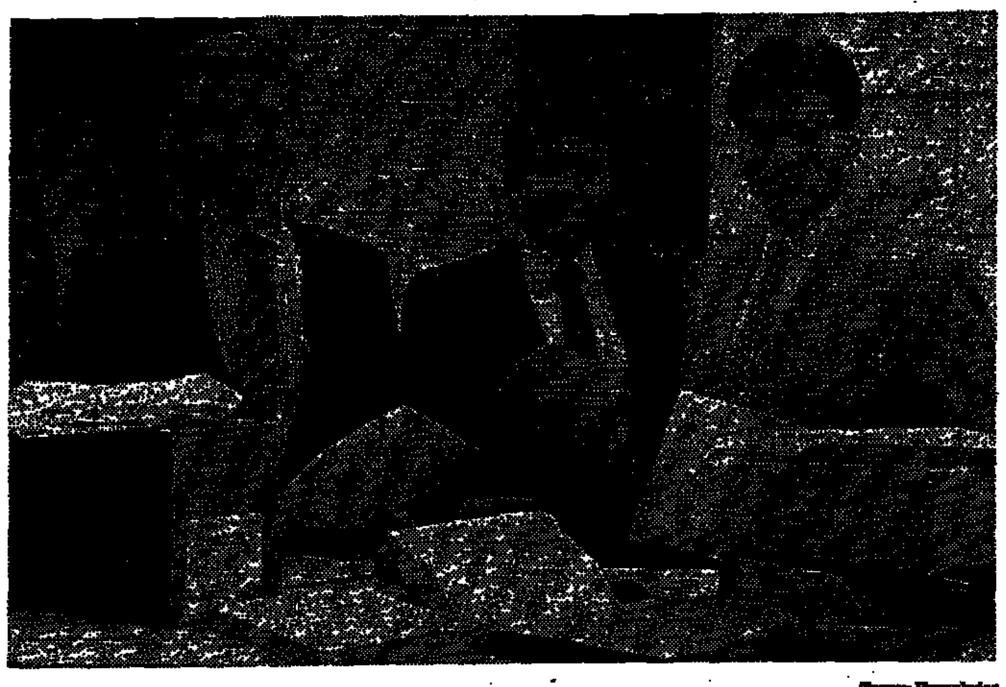
A survey carried out in 1988 by the Forum of Private Business, a small firms lobby group, showed that 75 per cent of respondents "approved of" management training but most did not have the time to attend themselves or send their senior staff. Most of the Forum's members appeared to be "natural entrepreneurs," the survey concluded optimistically, since 80 per cent of owner-managers had had no general business training while 85 per cent had had no specialist training.

Another study* published last month by the Institute of Directors, most of the members of which run small or medium-sized businesses, revealed a similarly bleak picture of executive training. More than nine out of 10 respondents had not received any formal preparation for board responsibility.

A common career pattern among senior managers is that they will be people with technical skills who have set up in business on their own or will have been promoted within their employers business. Joanna Holcroft spent 13 years selling furnishing fabrics before deciding a year ago to start up on her own.

Holcroft expects her company, Dolphin Studio, based in Battersea, south London, to achieve sales of at least £150,000 in its first year. To help her achieve this target she is spending six weekends on a Firmstart training course for young businesses at Cranfield.

"My strength is sales but I felt I was going to be doing the job of six or seven people," she says. "My areas of weakness were accounting, legal matters, recruiting and dealing with staff and marketing. I felt I needed to add to those areas substantially and quickly."



Trevor Humphries

Ian, David and Jeremy Quick: could hardly believe the training deal was so good

Crucially, owner-managers need to learn how to step back from the day-to-day concerns of business to think strategically and plan ahead. Many of the owners of media businesses attending the Accelerated Growth Programme run by the Greater London Enterprise (GLE) have a block about planning, says Sally Wilton, managing director of GLE's training centre. To overcome this reluctance she gets her students to draw up best and worst case scenarios for their businesses.

An important function fulfilled by the training programmes designed for owner-managers is to help the individual break out of "that fearful isolation of running your own business," says Catherine Gurling, head of the Centre for Enterprise at London Business School (LBS) . Managers do not realise that the problems they face are common to many businesses and they benefit from discussing their difficulties with others.

The type of training which is most suitable will change as the business grows. Many of the business schools and others which provide small business training differentiate between the new start-up and the more established, but still small, business.

"Start-up companies are not interested in managing people but as the business grows issues of people management and how to delegate loom large," says Cranfield's Paul Burns.

Newly-founded firms are concerned about cash flow and survival while more established businesses should start to concentrate on controlling their margins and profitability, he explains. Start-ups are concerned to win customers fairly indiscriminately but as they grow they should concentrate on market niches where they can charge a premium price.

The emphasis of recent programmes such as the Training Agency's Business Growth* Training for owner-managers, has been on integrating training into the overall development of the business.

Overall small business programmes have become shorter, more practical and, also, more expensive over the years. In the early days small business training was often provided free. It is still subsidised but is now charged for at a rate which ensures the student works hard to justify his investment.

How effective is this training? One in three small businesses stops trading within the first three years. The Training Agency says its training programmes reduce the mortality rate to just one in 10 companies over a two-year period. However, a serious academic study of whether the training or other other factors led to this lower failure rate has yet to be done, says Paul Burns.

Kendall Chew, founder of Bullet Couriers, a Bourne End, Buckinghamshire, company with turnover of nearly £400,000 and 15 full-time employees, is in no doubt that training has been good for his business. Bullet would not have grown to become one of the largest courier firms in the area without the Cranfield training, he says..

Chew's training taught him to monitor his finances very closely. When Chew has acquired other local couriers he has frequently found they have no up-to-date financial information. "One said his accounts were with his accountant but he would have them back in two months. He didn't even know if he was making money or not."

Those firms which have got away with an amateur approach during the years of economic growth will find it harder to survive in the current downturn. Training will become more important than ever for those which hope to survive.

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A previous article in this series appeared on February 27.

Key to longer term regeneration

Depressed regions cannot rely on attracting large-scale inward investment to revitalise their economies, according to a recent study* of the business climate in West Cornwall.

At best, importing new business activity will create jobs in the short term but will do little to create the self-regenerating capacity needed to compensate for changes in markets and technology, the study claims.

However, a number of elements appear to be necessary to generate new activities in remote regions such as Cornwall. They need a balanced economic structure of small, medium and large firms; a wide range of manufacturing and service activities; an effective educational system, including higher education and research establishments; and a good quality of both the man-made and the natural environment.

The policies needed to create these conditions are:

- The promotion of small and medium-sized businesses.
- No discrimination against service activities.
- The encouragement of high-density but low-rise, mixed developments of commercial and residential property.
- Investment in centres of education and research.

As part of an attempt to promote small business activity, the study compared West Cornwall with the coast of Ayrshire, Scotland, and the Cornish town of Heston with Ellsworth, Maine, in the US, to identify activities lacking in Cornwall.

The birth rate of new manufacturing firms was well above the national average in Cornwall but it needed more transport, business, social and leisure services companies, the study showed.

The comparison with Ellsworth showed that computers, modems and fax machines now make it possible for "knowledge workers" to live in environmentally attractive areas like Cornwall and Maine.

Maine was also once a depressed area but now has lower unemployment and faster growth than the US as a whole. Much of this has been built on service industries with one couple carrying out computer software development for companies such as Lotus, IBM and Prime while another person carries out computer analysis for health insurance companies in New York.

** Business Opportunities in West Cornwall by Graham Bannock & Partners. Available from West Cornwall Enterprise Trust, Market Square, Camborne, Cornwall TR14 8JT Price £10 + £1.50 p&p.*

France lures British firms

THE APPROACH of 1992 and the single European market have prompted a number of smaller British companies to consider setting up operations across the Channel. Not only would this save on costs but it would place them closer to the markets of continental Europe.

The region of Lower Normandy, which takes in the towns of Caen and Falaise, has begun a marketing campaign to sell itself to smaller British companies interested in establishing operations in Northern France. A range of grants and favourable loan packages is available from CEBANOR*, the region's industrial development authority, sometimes topped up with municipal assistance and national aid schemes.

New businesses employing more than 10 people are eligible for new enterprise grants of a least FFr 200,000; another grant will meet the half the salary costs of a general manager for the first year; while a "cash flow loan" is available to help businesses get started and building grants.

The disadvantages of a French location are high national insurance charges, a slow-moving bureaucracy and lots of paperwork.

In addition, firms wishing to establish a continental base might want set up in an area closer to their main customers rather than in a peripheral region of France.

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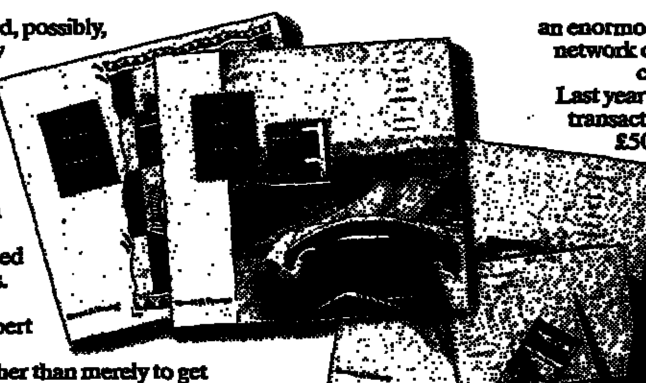

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Established and successful U.K. mail order company handling brand leaders on exclusive basis, seeks to extend range.

Brandcare Ltd
10 Towergate Industrial Park, Colebrook Way, Weyhill Road, Andover, Hants SP10 3BB

HOUSING DEVELOPMENT

A small but nationally acclaimed house builder seeks a financially strong partner to take mutual advantage of it's team and reputation as the market turns up in 1990/91.

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Company well established over a decade with multi-national clients, seeks association with UK/European agency/Publishers/Consultants/Individuals committed to market research. Principals only.

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IMMEDIATE FUNDS AVAILABLE

Offshore property company will purchase clean commercial properties. Price area GBP 500 000 to GBP 3 million with established rent roll. London or UK major city. ALl propositions considered. Principals or agents.

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with nett assets in excess of 10 million.
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available in Company producing a high quality niche market publication. Established one year. One or more investors to total £75,000. B.E.S. possible.

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BUSINESS DEVELOPMENT/PROJECT MANAGEMENT: Bilingual Englishman resident Bonn available for top-flight Consultancy or Executive Assignment covering German speaking and Eastern Bloc countries.
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Tel. London 01-233-5560

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URGENTLY REQUIRED ONE TO TEN UNITS SUBSTANTIAL FUNDS AVAILABLE

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Sleepy but highly profitable, 150 employee, £0.55 million turnover company seeks awakening: Investing chief executive needed. £180,000 required for share options offered.

To find out more please phone Aidan Powlesland on 0223 461098 or write to him at 3 Bells Court, Castle Hill, Cambridge, CB3 0AH

EXPORT TO CZECHOSLOVAKIA

A Marketing Consultant visiting Prague late April is available to undertake commissions from businesses seeking to exploit the new export opportunities.

ESSEX EXPORT AGENCY 0245 263030

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M B O seeks major investor. Company turnover circa £1 million. Growth opportunities in Europe. Dynamic markets. Tax losses available. Principals only.

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International Marketing Company

seeking representations/associations with ambitious manufacturers/services/products in growth sectors targetting consumer/commercial/industrial markets in UK/All Europe.
Enquiries with full relevant information from parties interested in establishing an operational base with sales, distribution networks and/or joint ventures particularly appropriate.

MIL 70 Caledonian Road, London N1 9DN. Tel 01 202 3905 Fax 01 202 2272

LONDON Desk space in stunning Chelsea office, only £140 p.w. incl. Tel London 351 1624.

PARTS HANDLING & DISTRIBUTION Heathrow area. Engineering business has spare capacity. Thames Mechanical. P. 01-569 9208 - Fax. 01-569 9208.

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The Business Section appears every Tuesday and Saturday.

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£55.50per single column centimetre - minimum 3cm
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Business for sale/wanted

£50.00 per single column centimetre minimum 3 cm
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For further details please contact:
Gavin Bishop 01-873 4780 or
Sara Mason 01-873 3308 or write to:

Classified Advertising, Financial Times, Number One Southwark Bridge, London SE1 9HL

BUSINESSES FOR SALE

CAST OFFICE EQUIPMENT LIMITED

The Joint Administrative Receivers offer for sale the business and assets of this well established office furniture and equipment wholesaler.

- 13,000 sq. ft. leasehold office and warehouse in Greenwich.
- Turnover approximately £2 million.
- Benefit of photocopier rental contracts.
- Substantial stock of new office furniture.

For further information contact Nigel Atkinson or Gabriel Keane at the address below.

Touche Ross
55/57 High Holborn, London WC1V 6DX.
Telephone: 01-405 8799. Telex: 261296 TRCHAN G. Facsimile: 01-831 2628.
Authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

TMV GROUP LIMITED

An opportunity exists to acquire the business and assets of this long-established South London manufacturer and installer of curtain walling and windows with an annual turnover of some £3 million. Principal assets include:

- 2 leasehold premises including a fully equipped factory and drawing office.
- A Freehold investment property.
- Substantial stocks.
- A strong order book from major customers.
- Valuable work in progress.
- An experienced workforce.

For further information please contact the Joint Administrative Receivers, John Richards or Tony Houghton at the address below.

Touche Ross
55/57 High Holborn, London WC1V 6DX.
Telephone: 01-405 8799. Telex: 261296 TRCHAN G. Fax: 01-831 2638.
Authorised to carry on Investment Business by the Institute of Chartered Accountants in England and Wales.

RECEIVER'S SALE
Floriculture

Futureflora

Port Stephens, Australia

Tenders are invited for the purchase of the assets and business undertaking of Futureflora Australia Pty Limited (Receiver and Manager Appointed) which are situated on 210 (approx) acres of land at Nelson Bay 180 km north of Sydney in the state of New South Wales.

The operations of the company encompass undercover and field floriculture and include the cultivation of roses and selected species of cut flowers including Carnations, Chrysanthemums, Gerbra, Baby's Breath, Solidaster and Aster.

The assets offered include:

- **Glasshouse**
  A "state-of-the-art" facility of 2 hectares and planted with 220,000 roses, featuring computer controlled environmental and fertigation systems.
- **Polyhouse**
  Encompassing an area of 8,800 square metres this structure features air venting, evaporative cooling and heating and lighting systems.
- **Plastic Igloos**
  46 demountable structures comprising an area of 12 metres by 34 metres.

Other assets offered include cut flower processing and temperature controlled storage facilities, plant and equipment suitable for field cultivation and restaurant and bar facilities licensed to accommodate 150 persons and other tourist assets.

Tenders, completed in the prescribed format, close at 5.00pm on 30 March 1990.

Copies of tender documentation and other information may be obtained from Mr G Urwin or Mr J Smith at Sydney, telephone (02) 266 0655 or facsimile (02) 264 6554.

JP Smith, Receiver and Manager, Futureflora Australia Pty Limited
c/o Horwath & Horwath, 307 Pitt Street, Sydney 2000, Australia
Tel: (02) 266 0655 Fax: (02) 264 6554

0189

LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS
PHILIP MONJACK FCA and STEPHEN DANIEL SWADEN FCA

IN THE MATTER OF

H. KILIAN LIMITED

Offers are invited for the business and assets of this long established manufacturer of solid board laminates, foil laminates, traditional mushroom and pyo baskets, fresh fish packs and high quality laminates for the printing and food industries.

Situated in leasehold premises in Chelmsford, Essex with excellent access to motorway links and sea ports.

Turnover currently £2.2 million per annum.

Enquiries to be addressed to the Joint Administrative Receivers
Leonard Curtis and Company, Chartered Accountants, 30 Eastbourne Terrace, London W2 6LF.
Tel: (01) 262 7700. Fax: (01) 723 6059.

Ref: 2/DCG

CENTRAL RENT - A - CAR

The intellectual assets & depot leases are available for sale. Depots in Glasgow, Manchester, Heathrow, Gatwick & Central London. The name, database, advertising, 0800 'phone numbers, publicity placed, & agencies worldwide are available including French depots.

Offers to the Joint Liquidators of
EATON MOTOR SERVICES LIMITED
Shirley Jackson & Maurice Withall
c/o BEGBIE NORTON & PARTNERS
TEL: 01-430 2321 FAX: 01-831 2187

BNP

Grant Thornton

FINEWOOD PRODUCTS LIMITED
CRAFTWISE LIMITED

The Joint Administrative Receivers offer for sale the business and assets of the above companies.

The business, based in High Wycombe, comprises the manufacture and assembly of precision cabinets and speaker units and includes:

- Plant and machinery
- Trading stock and work-in-progress
- Substantial order book
- Turnover in the region of £4 million per annum
- Customers include major multinational Hi-Fi manufacturers

Also available freehold property with an excellent location near to the M40 at Banbury. Site comprises approximately 25,000 sq. ft. warehouse/factory and 7,800 sq. ft. office accommodation.

For further information please contact the Joint Administrative Receiver:
Alastair Jones

KPMG Peat Marwick McLintock
2 Cornwall Street, Birmingham B3 2DL.
Telephone: 021-233 1666 Fax: 021-233 4390

Argyll Wools Limited
(In Receivership)
Leeds

Merchanters of hand knitting and machine knitting wools to wholesalers and retailers.

- Long established and highly respected business
- Annual turnover £2.4m
- 60 employees
- Substantial customer base

For further details please contact the Joint Administrative Receivers:

Scott Barnes or Peter Flesher,
Grant Thornton,
St Johns Centre,
110 Albion Street,
Leeds, LS2 8LA
Tel: 0532 455514
Fax: 0532 465055

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Western Windows Ltd
(In Receivership)
Plymouth

The above company's main activity is manufacture of UPVC windows and conservatories.

- Leasehold premises
- Annual turnover £2.3m
- Strong sales force
- Substantial order book
- Good customer base

For further details please contact the Joint Administrative Receiver:

Robert St. J Buller,
Grant Thornton,
Cobourg House,
Mayflower Street,
Plymouth PL1 1LG.
Tel: 0752 669911
Fax: 0752 665414

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Motor Exhaust Distributor

Leading exhaust distributor for sale as a going concern

- Purpose-built leasehold premises in York and Sheffield comprising 6000 and 12000 square feet of warehouse space.
- Turnover approximately £1 million.
- Extensive customer base including established national outlets.
- 21 employees.

For further details please contact the joint administrative receiver
Michael Hore

ROBSON RHODES
PO Box 15, St George House 40 Great George Street, Leeds LS1 3DQ
Telephone: 0532 459631 Fax: 0532 452823
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DEVELOPMENT PROPERTY
SHREWSBURY/WELSHPOOL AREA

The Joint Receiver offer for sale as a whole or in part, a partially completed development at Crew Green, Nr. Welshpool, Powys, comprising:

Development land
- .92 acre site
- Main drainage, electricity, and water supply installed
- Planning permission for development of eight prestige homes

Completed homes
- 8 executive style timber framed houses

For further details please contact the Joint Receiver: D J Milburn

KPMG Peat Marwick McLintock
Churchill House, Regent Road, Hanley, Stoke-on-Trent ST1 3RG.
Telephone: 0782 202666 Fax: 0782 202535

Traditional Innsigns Ltd
(In Receivership)
T/A Sangria Productions
Waltham Cross, Herts

The company manufactures decorative mirrors and prints.

- Leasehold premises of 7,500 sq ft
- Many items of specialist plant including purpose built Silver nitrate plant
- Current turnover £730,000 pa

For further details please contact the Joint Administrative Receivers:

Andrew D Conquest or
Michael J Scott,
Grant Thornton,
49 Mill Street,
Bedford MK40 3LB.
Tel: 0234 211521
Fax: 0234 325717

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INVESTMENT OPPORTUNITY

Complete fully automated running pitta bread bakery for sale. Production capacity 10,000 loaves per hour. Can be demonstrated. 9200 sq.ft. premises - approved by major supermarkets. Price £150,000 (O.N.O.)

Tel 01-985 1075
** Export of Complete Plant also Negotiable **

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Freehold modern industrial unit (recently valued at £95,000) on well-serviced trading estate, with excellent communications. Unit consists of 2,400 sq.ft. (with scope for mezzanine extension) plus 700 sq.ft. of cabin accommodation. Fully equipped operation, and an order book with good contracts pending. The unit is being sold as the seller now wishes to concentrate on a separate venture. Enormous scope for expansion of business. Offers in region of £150,000. Principals only, please. Contact Jim Elliott on
0925 35055 (office) or 0925 753026 (Home)

OFFICE SUPPLY
Business For Sale

Come to America - Denver, Colorado
site of the world's largest international airport

Great opportunity for individual or family business. Revival in Denver business market now underway. Stationary and Office Supply retail store established for 18 years in metropolitan area. All enquiries require business resume.

Please address to P.O. Box 2165, Arvada, CO 80001-2165.

SOUTH FLORIDA
Rolling Shutter Manufacturer
For Sale

- U.S.A. Nationwide Distribution Network.
- High profit local South Florida sales in Rolling Shutters and Interior Wood Shutters.
- Established and operated by European for 10 years.
- Exceptional high profit opportunity with $400,000 yearly sales with enormous growth potential.

Write Box F9622, Financial Times, One Southwark Bridge, London SE1 9HL
or FAX to: USA 407-394-5673

BUSINESSES FOR SALE

ATLAS PNEUMATIC TOOLS & ACCESSORIES LTD IN RECEIVERSHIP

HIRE, MANUFACTURE AND SALE OF PNEUMATIC EQUIPMENT.

The Joint Administrative Receivers offer the above, well established business for sale as a going concern.

- Situated in Alfreton, Derbyshire near to Junction 28 M1.
- Potential Annual Turnover £1 million approx.
- 3,000 sq ft leasehold property.
- Large market for both surface and underground equipment.
- Distributor for major manufacturers.

For further information write to I. R. Chisholm, Joint Administrative Receiver, quoting Ref IRC/RJH/28.

KPMG Peat Marwick McLintock

St. Nicholas House, 31 Park Row, Nottingham NG1 6QR
Telephone: 0602 483444. Fax: 0602 483401.

Specialist Outerwear/Workwear Manufacturer

(In Receivership)
For Sale

- ★ Location — East Midlands.
- ★ Products — Specialist garment manufacturer.
- ★ Turnover — Approx. £700,000 per annum.
- ★ Premises — Leasehold — 10,000 sq. foot.
- ★ Employees — Skilled work-force — 47 persons.
- ★ Substantial Order Book.

For further details please contact: Lindsay Denney or Nick Dargan at Clumber Avenue, Sherwood Rise, Nottingham NG5 1AH. Tel: (0602) 607131

SPICER & OPPENHEIM & PARTNERS
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

LUXTON & LOWE

The Specialist Private Care Agent

NURSING HOMES FOR SALE

YORKSHIRE. Group of 3 homes in 20 mile triangle, 139 Beds. T/O £1.4 million. Projected Operating Profits £800,000. Company share sale £3 milllion
Birmingham Office — *Ref: B510*

SOUTH. Group of 6 homes with 246 Beds. Excellent locations. Income £2.15 million. Established Operating Profits. £6.6 million
Chichester Office — Ref: 874

SOUTH. Privately owned Group providing registered care facilities for the mentally handicapped. 6 superb Freehold Properties including Day Care Training Centre. Accounts available. Future potential. £5 million
Chichester Office — Ref: 933M

GWENT AREA. Group of 3 established Homes reg. 80 plus EMI Unit being constructed for 30. Current Income £700,000, projected at £1 million from 110 Beds. Super 5 Bedroom. House included. Offers around £3.35 million
London Office — *Ref: 1754*

NORTH EAST GROUP. With 60 established Beds and PP to extend to 80, plus new magnificent 82 Bed purpose built Nursing Home. Selection of sites included with PP for Nursing Home & Care Village use. Price on application
Leeds Office

LONDON 01-949 5451 BIRMINGHAM 021-456 1106
CHICHESTER 0243 774797 LEEDS 0532 428626

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The Joint Administrative Receivers offer for sale, on a going concern basis, the assets and goodwill of this fully equipped *sound recording studio complex in Streatley, Berks.*

- ◆ 48 channel SSL with total recall.
- ◆ Trident Di-An 48 channel with 72 channels on mix-down, fully automated.
- ◆ Extensive outboard equipment.
- ◆ Freehold, purpose-built studios together with 7 bed. house and 3 bed. bungalow, offices and mess room on 22 acre attractive rural site.

Further information may be obtained from the Joint Administrative Receiver, R. Hocking, FCCA (ref: 7/SED).

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* ACTIVE WEAR CONCERN

- Leader in the sport apparel industry in Canada
- Strong independent brand name recognition
- *Average annualized sales growth of 25 percent*
- Annual sales of $15 million plus
- Earnings before interest and taxes exceeding $4 million

Offers around $20 million.
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North York, Ontario, Canada M2N 6K9
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Write Box H5899, Financial Times, One Southwark Bridge, London SE1 9HL.

Brighton Hotel & Conference Facility offer for freehold

£850,000

To arrange an appointment to view the hotel please telephone in the strictest confidence Mark Goldberg on 01-290 6209 (weekends/evenings) or 01-464 6655 during normal working hours.

St. Moritz Fabrics Limited

LEICESTER
(in administrative receivership)

- Well established jersey fabric manufacturers of Jacquards and plain.
- Turnover £5/6 million.
- Suppliers to garment manufacturers for leading high street retailers.
- Leasehold factory.
- Modern electronic plant.

Principals only apply to the Joint Administrative Receivers: C. G. S. Baker FCA and R. A. Collins FCA, Ernst & Young, Provincial House, 37 New Walk, Leicester LE1 6TU. Tel: 0533 549818. Fax: 0533 551357

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FOR SALE GERMAN ADVERTISING AGENCY

- Full service agency with excellent long-standing client relationships. Emphasis on design and fashion.
- Potential for international expansion of several accounts.
- Capitalised billings DM 27 million. Investment needed DM 6 million.
- Owners to give continued support for three years.
- Second tier management in place. Support needed in media and administration.

Contact exclusive agent:
Edward Niggli, Business Development Services,
4310 Rheinfelden, Switzerland.
Fax: 010.41.61.874034.

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GEORGIAN MANSION IN OUTSTANDING PARKLAND SETTING

Currently arranged as 26 top quality apartments and cottages for holiday or full residential use, with superb range of leisure facilities, restaurant, bars and conference suite.

Planning consent exists for an 18-hole golf course, conference centre and additional bedrooms, and there is potential for conversion to Country House Hotel, Conference/Training Centre, Timeshare or Retirement Village.

Offers invited for the freehold fully furnished and equipped

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Tel: 0722 27101

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High Street
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Tel: 0823 277261
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13 Hill Street
LONDON W1X 8DL
Tel: 01-629 7282

William HILLARY & Company

FOR SALE GROUP OF COMPANIES WEST MIDLANDS BASED

Emergency glazing, commercial aluminium window systems, roller shutters and security grills. Well established business. Nationwide contracts and established customer base. Book assets in excess of £1.5m. T/O for current year £4m. Maintainable net profits circa £650K.

Serious enquiries only write to
Box H5894, Financial Times,
One Southwark Bridge, London SE1 9HL

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This must be one of the most profitable Estate Agency Practices in England. Based in the North and showing well in excess of £1m Gross Profit with outstanding Net Profits, already increased on last year. Splendid Freehold offices, fully computerised and having large car parking facilities. Free of all ties.

Ideal Acquisition for Banks, Building Societies, Insurance companies or any leading Financial Institutions.

Offers over £5m

Genuine enquiries from Principals only please.
No Agents or Intermediaries. Write Box H5809, Financial Times, *One Southwark Bridge, London SE1 9HL.*

Pic Toys Limited and Hunter Industries Limited

The Joint Administrative Receivers offer for sale the business and trading assets of the above companies.

- Manufacturer of boxed toys and games and moulder of large plastic toys
- Varied client base of high street multiples and private retailers
- Combined turnover in *1989* of £2.3m
- Occupying freehold premises of 84,000 sq.ft. in Sheffield

For further information, please contact the Joint Administrative Receiver: Mark Dobell FCA, Ernst & Young, Barclay House, 6 East Parade, Leeds LS1 1HA.
Tel: 0532 431221. Fax: 0532 442241.

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Sunny Smile Limited

(A SUBSIDIARY OF PIC TOYS LIMITED)

The Administrative Receiver offers for sale the business and trading assets of the above company.

- Wholesaler of rattles and pre-school items
- Turnover in *1989* approx. *£700,000*
- Operating from Pic Toys Limited premises in Sheffield

For further information, please contact the Administrative Receiver: J.H. Priestley (or A. Cooper), Poppleton and Appleby, 93 Queen Street, Sheffield S1 1WF.
Tel: 0742 755033. Fax: 0742 768556.

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Hintlesham Hall
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A rare opportunity to purchase a renowned Relais & Chateaux Hotel and Golf Course with considerable scope for development.

- A Four Star Hotel with an International Reputation.
- Magnificent Public Rooms in Grade I Listed Hall.
- 33 De-luxe Letting Bedrooms including 6 suites.
- Superb 18-hole Championship Golf Course.
- Scope for Development of further Golf Courses on Adjoining Land.
- Luxury Owners House, Staff House and Lodge.

Full Details and Further Information Contact: James Devitt
Humberts National Leisure Division
25 Grosvenor Street, London W1X 9FE
Tel: 01-629 6700

Leisure Industry, Hotels and Licensed Property Consultants

EEC Approved Beef Boning Plant

The Administrative Receivers offer for sale the business and assets of Berkshire Meat Co. Limited, trading from 1.3 acre site in central Reading.

- Freehold premises available
- Turnover £10m p.a.
- Capacity 1,200 sides per week
- Extensive customer list
- Skilled workforce of 60

For further details please contact: Jason Ellis, Apex Plaza, Reading RG1 1YE. Tel: 0734 500611. Fax: 0734 507744.

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MARLING SALES LIMITED

(IN ADMINISTRATIVE RECEIVERSHIP)

THE BUSINESS AND ASSETS OF MARLING SALES LIMITED ARE OFFERED FOR SALE AS A GOING CONCERN.

THE COMPANY IS INVOLVED IN IMPORTATION AND DISTRIBUTION OF BEAUTY CARE AND COSMETIC ACCESSORIES

- TURNOVER IN THE REGION OF £1.2M
- GOOD CLIENT BASE
- CURRENT ORDER BOOK AVAILABLE
- OWN BRAND NAMES

FOR FURTHER DETAILS CONTACT THE ADMINISTRATIVE RECEIVER:-

L.I. GERRARD F.C.A.
LAURENCE GERRARD & CO.
Chartered Accountants
ADAM HOUSE, 14 NEW BURLINGTON STREET LONDON W1X 2BU
Telephone: 01-439 6781 6 Fax: 01-434 2612 (GRP 2 & 3)
Ref: JW/40091

World-famed Scandinavian firm of exclusive high fashion is offered for sale.

The firm was established in 1785, and has more than 170 years of experience in the trade. Purveyor to the Court, with the right to use the royal crown as part of its logo. A firm with enormous potential for a financially strong owner, who aims at growth, high standing and world-wide renown.

For further information, please contact:

BJØRN STIEDL & PARTNERS

International business consultants, Strandvejen 116 A, 2900 Hellerup DK-Denmark Telephone: 45 31 622 622
Telefax: 45 31 625 960

FOR SALE IN WHOLE OR PART

Due to lack of working capital. Electronics & Software systems house based in North of England delivering proprietory turnkey systems to companies throughout Europe. Sales to Y/E June 1990 of £1.5 million, with substantial profits. Planned expansion to £12 million sales over 3 years.

Carmichael Associates Ltd. Wine Office Court, 146 Fleet Street, London EC4A 2BU
Telephone: 01-583 3372 Fax: 01-936 2419.
A FIMBRA MEMBER

Coal Trading Operation Liverpool & Glasgow

The business and assets of Delta Coal & Energy Corporation Limited are for sale by the joint receivers. The company has two coal processing/blending facilities at Liverpool Docks and Bellshill, Glasgow.

- Gladstone Dock, Liverpool Freeport
  - stocking site/processing area, 4 acres
  - coal processing plant
  - coal stocks.
- Bellshill, by Glasgow
  - site area, 7 acres
  - adjacent motorway, private rail siding
  - coal processing plant
  - coal stocks.

All enquiries on an urgent basis to:
Alan Jamieson or Peter Dean, Price Waterhouse, 1 Blythswood Square, Glasgow G2 4AD.
Telephone: 041-228 4593. Fax: 041-221 5563.
Telex: 778203.

Price Waterhouse

SOFTWARE - HARDWARE DISTRIBUTOR

A substantial national distributor of micro computer software and hardware with a turnover in excess of £40m per annum is seeking a corporate partner. Ideally suited for European expansion. Willing to consider both sale or merger.

All enquiries will be treated in the strictest confidence.

Principles only please.

Write Box H5897, Financial Times, One Southwark Bridge, London SE1 9HL

Hotel in Gloucester Road area

The business and leasehold interest in this high standard tourist hotel is available for sale as a *going concern as a consequence of receivership.*

- 79 bedrooms all en-suite with T.V. and telephone.
- Excellent location.
- Dining room.
- 2 Bars, 2 Lounges, Lift.
- 30 years remaining on lease.

Enquiries to: The Joint Receiver, JF Soden FCA, Price Waterhouse, No. 1 London Bridge, London SE1 9QL. Telephone: 01-378 7200.
Telex: 931709/934716. Fax: 01-334 5566.

Price Waterhouse

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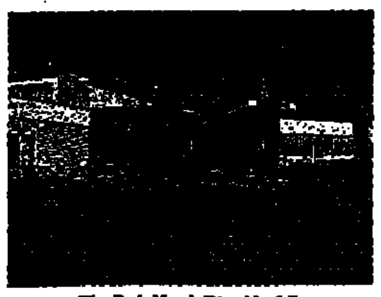

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FT LAW REPORTS

Underwriter under no obligation to disclose documents in action

ITALIA EXPRESS
Queen's Bench Division
(Commercial Court):
Mr Justice Saville:
February 23 1990

IN LITIGATION against a representative underwriter the court cannot order him or those he represents to make discovery of documents in the latters' possession, because they are not parties to the proceedings. And legal professional privilege can be claimed for documents obtained by solicitors for the purpose of the litigation, though not previously in their possession nor created for that purpose, if disclosure would tend to diminish or destroy the confidential relationship between solicitor and client.

Mr Justice Saville so held when refusing an application by the plaintiff Mr Apostolos Konstantinos Ventouris, for an order that the defendant, representative underwriter Mr Trevor Rex Mountain, serve a further and better list of documents in his possession or in the possession of the underwriters whom he represented.

HIS LORDSHIP said that Mr Mountain was sued in representative proceedings representing himself and all other underwriters subscribing to the marine war risks policy on which Mr Ventouris was claiming.

The question was whether the court had power to order *either the representative* underwriter or the represented underwriters, to make discovery of documents which were or had been in the possession, custody or power of the latter but not the former. Order 24 rule 3 of the Rules of the *Supreme Court provided that* the court might order "any party to a cause or matter . . . to make and serve on any other party a list of documents which are or have been in his possession, custody or power relating to . . . the cause or matter."

It was clear from that rule that the court only had power to order "a party" to proceedings to make discovery.

So far as representative proceedings were concerned, it was clear from Order 15 rule 12 (iii) that represented persons were not party to the proceedings.

Order 15 rule 12 (iii) provided that an order given in proceedings under the rule "shall be *binding on all the persons as* representing whom . . . the defendants are sued, but shall not be enforced against any person not a party to the proceedings except with the leave of the court."

It must follow that a court could not make an order under Order 24 rule 3 against the represented underwriters, since they were not party to the proceedings.

Nor could it make any order against Mr Mountain in respect of any documents not in his possession custody or power, since such documents also fell outside the ambit of the rule.

The second question was whether legal professional privilege could be claimed for documents not previously in *the* possession, custody *or* power of a party to actual or contemplated litigation, which had not come into existence for purposes of the litigation but had been obtained by his solicitors for that purpose. It was settled law that privilege *attached to* information obtained by a solicitor from a third party for the purpose of actual or contemplated litigation.

It was also settled law that privilege attached to copies taken by solicitors of documents held by third parties where the copying was done for the purpose of actual or contemplated litigation.

The reason privilege attached in such cases was that to require disclosure of the documents would be to undermine the very reasons for the existence of the privilege — that the public interest required full and frank exchange between solicitor and client.

That *basic principle applied* equally to the documents in question.

If a party to actual or contemplated litigation had to disclose such documents, then in the nature of things such disclosure would diminish or *destroy* the *confidential* relationship between solicitor and client and gravely hamper proper and effective preparations for trial.

It was suggested that unless the documents had come into existence for the purpose of actual or contemplated litigation (as would be the case where a solicitor copied a document), legal professional privilege could not attach to them.

The court disagreed.

The privilege was an exception to the *general* rule that a party to litigation must disclose all documents that were or had been in his possession, custody or power.

If documents fell within the general rule because they had been obtained for the purposes of the litigation, and if disclosure would be likely to undermine the public interest in preserving the confidence between solicitor and client, there was no good reason for distinguishing in this context between documents that had and those that had not, been brought into existence for the purpose of the litigation.

It might be suggested that if the privilege extended to original documents (as opposed to copies) obtained by solicitors for the purposes of actual or contemplated litigation, a ready means presented itself for obtaining and suppressing adverse evidence.

That was not so. Solicitors who obtained documents for *the purpose of suppressing* them would not be acting in the course of giving necessary legal advice and assistance, but in breach of their duties as officers of the court.

Thus no privilege would attach to such documents.

Quite apart from that the source or maker of the document was likely to remain available.

And even if the original owner of the document had given up to the party in question all rights to it, there would be nothing to prevent that person from revealing its contents or what he had done with the document.

For the plaintiff: Stephen Hofmeyr (Hill Taylor Dickinson).

For the defendant: Andrew Popplewell (Ince & Co).

Rachel Davies
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ARTS

Icy landscapes, intimate portraits

William Packer reviews exhibitions at the Barbican and Tate Galleries

To move through the exhibition, "Landscapes from a High Latitude," now on show in the Concourse Gallery at the Barbican (until April 8, then on to Brighton and Edinburgh: sponsors include EIMSKIP, Icelandair and Manufacturers, Hanover), is to be quite as intrigued by its collective as by its particular qualities. Arranged jointly by The National Gallery of Iceland and the Brighton Polytechnic Gallery, it brings us the work of Icelandic artists in this century. And if, with unthinking condescension, as with Johnson's woman preacher, we should find ourselves at first *surprised that such work should have* been done at all, we soon discover that much of it has been done very well indeed.

Iceland is a most extraordinary place, with a landscape surely as particular and remarkable as any in the world. To drive from the airport across the lava field to Reykjavik, with the geysers spouting from the black rock, throwing up their plumes of steam against the dark mountains beyond, is almost to sense oneself on another planet, not alien exactly and most certainly neither unwelcoming nor intimidating, but decidedly strange. That it should have produced a distinctive school of artists is hardly to be wondered at, for how could the visual imagination not be stimulated by such a remotely beautiful, romantic place?

That said, however, we should not expect the world, for strangeness and isolation bring not only opportunities but also limitations. Direct contact with the outside world is naturally infrequent, exposure to fresh ideas and developments elsewhere necessarily tenuous. Who would reasonably expect a constant flow of masterworks from a population no larger than that of one of our smaller provincial cities? The virtues of concentration inevitably are modified by probability.

Yet the critical problem remains, that the more open to external influence Iceland has become in more recent times, and the closer Icelandic artists have thus moved towards the international mainstream, so the more sophisticated, predictable and dull the work has become. We find ourselves in the classically dubious position of welcoming a contact yet regretting its effect, wishing upon a community of artists, in retrospect, an isolation we would never willingly have had imposed upon ourselves.

The stars of the show are undoubtedly of the founding and middle generations. Johannes Kharval (1885-1972) is probably the best known of them, and rightly so, for his landscapes are possessed of an *epic simplicity and scale, and* are worked with an equally epic expressionist vigour, quite in keeping with their subject. But Thorarinn Thorlaksson (1867-1924) and Asgrimur Jonsson (1876-1958) are no less historically important, and Jonsson in particular even finer, perhaps, in the immediate handling of his work and no loss of strength in the statement. With interest growing in Nordic art of the modern period, their critical stock can only rise.

In truth the generations run together. Juliana Sveinsdottir (1889-1966) stands out by the monumental simplicity of her seascapes, and Finnur Jonsson (1892-1989) for his more openly symbolic expressionism. Of the middle generation, Gunnlaugur Scheving (1904-1972) is remarkable especially for the graphic vigour of his fishermen of the 1950s. Georg Hauksson (b.1961) continues in the tradition with a seascape of disarmingly simple aestheticism.

"Not the land, but an idea of a land," runs the title of an essay by Michael Tucker in the catalogue, quoting the poet, Johan Hjalmarsson. Indeed. *Most of these Icelandic artists* went abroad to study, usually to Copenhagen, and most of them returned. The sense immanent in all this work, early and late, is of a deep collective imagination haunted by Iceland's peculiar genius loci, the spirit of the place. Here is the most ancient of surviving democratic societies, and one innately poetic and imaginative, still speaking the pure language of the sagas, still fresh and lively in its feeling for its past. And it is in its landscape above all that this deep sense of continuity is rooted, its most sacred site the meeting place beside the lake at Thingvallir. In its art, we too may feel something of this imaginative force, if only a little

★

At the Tate Gallery, in the new temporary exhibition galleries below the backstairs, a retrospective exhibition is given to the work of Thomas Lowinsky (until April 16), an artist who died in 1947, at the age of 55, and is all but forgotten today. He was born into comfortable circumstances, of Hungarian and German immigrant stock, and fortunate in never having to live by his work. It would be easy to write him off as a gentleman amateur, but he was rather more than that. He showed rarely, hence perhaps his comparative obscurity, but he worked steadily and seriously, with some particular success between the wars as an illustrator to some of the smaller presses.

His great influences were a curious and potent jumble of late, indeed decadent pre-Raphaelitism, romantic symbolism, classical myth, fairy tales and fin de siècle illustration. Through the early 1920s he was engrossed in a rather harshly expressed symbolism, technically meticulous yet curiously unsympathetic, highly detailed and occasionally unintentionally comical in its imagery. But the vision grew simpler and clearer, and by the late 1920s he was painting with the metaphysical intensity, especially in his small portrait studies, of the young Lucian Freud a generation later.

There follows in the 1930s a series of portraits of women, all professional models, that for all their modest scale and lack of any public ambition, are as finely observed, closely and delicately executed and psychologically convincing, as any of their time. These, and one or two late landscapes of similar accomplishment, are his masterpieces. Without pitching it too high, Lowinsky's is a reputation worth reviving.

"Skjaldbreidur," 1937, by Jon Stefansson at the Barbican

Portrait of Miss Serinka Negrearnu, 1932, by Thomas Esmond Lowinsky at the Tate

A Midsummer Night's Dream

NEW YORK CITY BALLET, NEW YORK

"Won't it be to Mendelssohn?" said a woman the last time I saw a Regent's Park *Midsummer Night's Dream.* Mendelssohn's incidental music was once a staple of productions of this play, but no longer. Tyrone Guthrie's 1937 influential Victoriana staging was already fighting a rearguard action on Mendelssohn's behalf. Productions of the play for both Henley and City of London Festivals in 1986 employed the 1826 overture and 1843 items, but, it seems, they started no trend.

But there are still two Mendelssohn *Midsummer* productions – in ballet, and they are by the art's two greatest postwar choreographers. Ashton's ballet, made in 1964 for the Shakespeare quatercentenary, has become regular fare with both branches of the Royal Ballet; New York City Ballet revives Balanchine's 1962 work towards the end of most February seasons. Both ballets have been danced by other companies. Balanchine's, however, has never been danced in England; my main reason in going to New York in February was to catch up with it.

A strange experience, growing to love one choreographer's use of play and music when you already love another's. These were, after all, the two most musical of choreographers. And, while Balanchine had known the *Shakespeare* in Russian from his youth, Ashton had choreographed for Michael Benthall's 1954 Old Vic staging of the play. *The Dream,* Ashton's one-acter, follows Guthrie and Benthall in using Victorian costume; what's more, it refers to the ballet of Mendelssohn's day. Balanchine's is American-Botticellian-Athenian. Ashton's is set to John Lanchbery's re-arrangement of the 1826 overture and 1843 incidental musical items; the Balanchine *A Midsummer Night's Dream* – in two acts – uses other Mendelssohn in addition to every scrap of the *Midsummer* music. Both choreographers give Oberon a brilliant dance highlight to the Scherzo, but it's unsettling to find Balanchine's Titania dancing to the Nocturne with Bottom when you're used to Ashton's climactic Oberon-Titania pas de deux to the same music.

Act One of Balanchine's is a marvel, and the insights it provides into both Shakespeare and Mendelssohn are thrilling. Its opening scenes afford some of his most dazzling contrasts. The fairy world is both more delicate and more huge than that of the mortals. When Titania is secreted with her attendants, Balanchine takes the liberty of giving her a nameless cavalier – not a paramour but a noble squire whose task, in partnering her, is simply to do her bidding and to help show off her infinite variety. Oberon, though without the silken glamour of Ashton's, is even more varied and unpredictable. With each entry in the Scherzo he deploys his energies and velocity in a wholly new way. In the dances of both monarchs you see the gorgeous, alarming capriciousness of power.

Balanchine makes an astonishing array of great female roles. Whereas Ashton follows the common tendency of theatrical productions in making Hermia and Helena elegantly silly, Balanchine – like Britten in his 1960 opera – makes *much of Helena's lonely* anguish and the pathos of Hermia, the innocent victim of the fairies' interference. And then there's the gleaming Amazon Hippolyta, another monarch. She hasn't the sweep or diversity of Titania, but what force!

Another wonder throughout – so Mendelssohnian – is the quick dissolves from one scene into another. One moment Oberon quarrels with Titania; the next, the rude mechanicals start their rehearsals. This reaches a peak late in the act when through the mists Balanchine interleaves Hippolyta and her hunt, Puck, the child-fairies and the lost mortal lovers.

The first act, as with Balanchine's *Nutcracker*, had been all action, all drama. Act Two, as with *Nutcracker* too, is all dance. While the great lyric release of Ashton's *Dream* occurs in Titania's and Oberon's pas de deux, Balanchine's *Midsummer* opens into its fullest bloom in Theseus's court with – *of all improbable* things – a divertissement. This pas de quatorze, danced by people we've never seen before, ought to clash with all dramatic logic, and yet its central pas de deux abstracts all the courtesy, love, chivalry that Act One had shown imperilled.

Supported in adagio, an anonymous woman tests and uses her partner's support. She unfurls her line, travels and turns in dance phrases that are Mozartian or Bellinian in their firm, high flowing beauty. Watching this couple, we feel the courtships and reconciliations of Helena and Demetrius, Hermia and Lysander, Hippolyta and Theseus, Titania and Oberon. Strange that a pas de deux with no basis in Shakespeare's plot, and made to music that Mendelssohn did not design for the play, should so profoundly illumine this great *Midsummer* ballet.

Alastair Macaulay

The Nose

FRANKFURT CITY OPERA

Almost from the very beginning, Shostakovich seems to have been a master of the mask. We know this from different sources, but perhaps the best evidence of all is *The Nose,* which he wrote at the age of 22 and which has just been staged with considerable success in Frankfurt.

The opera's subject-matter – the nose which becomes detached from its owner, suddenly appears on a barber's breakfast table and later turns into a local government councillor – is open to all manner of interpretation, both political and psychological. But it is hard to decide whether the composer saw the Gogol tale as a riddle to poke fun at unsuspected targets, or a tragedy under the mask of farce. Shostakovich was to tread this ambiguous balancing act for the rest of his life.

If the authenticity of the "Memoirs" is accepted, the composer understood *The Nose* to be a horror story about police oppression, the cruelty of the crowd and the loss of personal identity. Recent German productions have laid a more overt political interpretation on the work. Johannes Schaaf's Frankfurt staging, however, treated it as a straightforward piece of burlesque, a harmless parody of human foibles, a mad dream from which the central character Kovalyov awakens in the final scene.

To a degree, this treatment worked: Peter Pabst's representational settings and billowing painted skyscapes allowed for a fast-moving sequence of decorative effects, and there were some striking realistic touches – including a stage-wide river-bridge teeming with bicycles – which gave the action an authentic 1920s Leningrad atmosphere.

Schaaf was strong on stage ensemble and individual characterisation, and above all on tragi-comic situation. Production baggage was limited to a few unexplained extras, including an Arab sheikh and flunkeys who made a mysterious appearance in the penultimate scene. All this was very entertaining. But the production lacked an essential quality of bite and sarcasm. It failed to probe much beneath the surface. Perhaps theatre and film directors like Schaaf find it hard to "interpret" operas which tie the music so closely to words and action: there are no arias for them to "produce."

On all other counts *The Nose* found the company in excellent health. The orchestral performance under Oleg Caetani was precise and confident, the players seeming to relish the communion-like changes in the personality of the music. Despite the parodying of other styles and the deliberate banalities, it was good to be reminded how avant-garde and inventive this score still sounds, particularly in Shostakovich's dazzling percussion palette.

The cast, singing in German, made easy contact with the audience and relished all the musical jokes. The two high tenor roles were sung by Dieter Bundschuh as the Inspector and William Cochran as the Councillor, the latter rejoicing in a head-piece shaped like a nose. Alan Titus gave a big-hearted, virtuoso performance as Kovalyov.

The Nose was a particularly good choice of repertoire for the company's temporary home in the Schauspielhaus, which has a sharper acoustic and more intimate atmosphere than the opera house next door. The costs of reconstructing the opera house, which was practically destroyed in the November 1987 fire disaster, have now risen to over £60m, and the opening date has been put back to April 1991.

Andrew Clark

Alan Titus

Jackets II

BUSH THEATRE

Edward Bond belongs to that select little band of contemporary playwrights who are regarded by themselves and their disciples as prophets in their own land, scorned by the philistine masses, and venerated by the elect. In his double-bill, *Jackets,* he addresses himself to the issue of political martyrdom.

The first part is set in 18th century Japan, the second, called *Jackets II,* in a riot-torn contemporary Britain, located and dated only by the accents of his characters and the shoplifted clothes they pull out of a grey plastic bin bag in the opening scene. It is a tale of the cynical manipulation of anarchy in which two working-class lads, one (Ross Dunsmore) unemployed, the other (Tom Hudson) an army corporal, are brought face to face across the barrel of a gun by the realpolitik of their military masters.

A sacrifice must be made to marshal public opinion behind the imposition of a state of emergency. The fate of Corporal Brian Tebham is sealed by his striking resemblance to his commanding officer.

Bond's writing is veined and muscled with a contempt and a humour that are very charismatic, until one begins to look beneath them for a coherent political infrastructure. Military tyranny is a bad thing.

Well yes, so the dramatists of Northern Ireland have been telling us for years. Urban unrest is manipulated by authority. We have heard that, too, many times in far more concrete, contextualised forms. The state is the enemy of the people. Brecht knew it well, *just as he knew how to use the* sort of politico-poetic commentary that is provided by Bond's predictable Weillian songs.

Viewed in those terms, this is self-indulgent stuff, which is in turn indulged by Nick Philippou's white hot production for Leicester Haymarket. It culminates in a prolonged scene of quite devastating black comedy as the lads' mothers, brilliantly played by Janette Legge and Maureen Morris, confront a wrongly-identified corpse with a shock that sends one into raving hysterics and the other into rabbit-eyed incomprehension.

In place of a manifesto, we are left with madness; in place of a conclusion, a counsel of despair.

Claire Armitstead

Gerhard Oppitz

WIGMORE HALL

The German pianist Gerhard Oppitz has been playing all of Brahms's piano music, in a series of four Wigmore recitals given at wide intervals (the last takes place at the end of this month). This is a substantial task for any performer – bigness of technique (and particularly of hand-stretch) is, indeed, the *sine qua non,* but no less important is the wide emotional range required to compass both the stormy virtuosity of the young Brahms's piano writing and the intimate, rather melancholy delicacies of those marvellous small pieces from his final period.

In the programme of the third recital Mr Oppitz neatly contrasted both kinds of Brahms – the two books of Paganini Variations, Op. 35, surrounded on either side by the Six Piano Pieces Op. 118 and the Seven Fantasies Op. 116. His touch, range, and sympathies are all of the right kind, as he here showed. A Rubinstein Competition winner of a decade or so ago, he is now a mature artist, with strong, definite ideas about music directly translated into powerful, full-mettled sound.

He doesn't linger, and he doesn't smooth down or perfume Brahms's chunky melodic phrases: the style is plain and forthright.

But this should not be taken to suggest that there was a lack of subtlety in the unfolding of Brahms's forms, whether large or small. Mr Oppitz's account of both books of variations was rich in carefully controlled physical excitement (the second slightly less finger-precise than the first); and his traversal of both sets of small pieces bespoke a sympathy for the complex emotional world they inhabit which rendered them far more passionate than usual.

"Autumnal" is the adjective normally enlisted for such occasions. It was not, here: the sharp tugs of rhythmic accent and keen awareness of harmonic event made, for instance, something fresh, urgent, and new-minted of the Op.116 E minor Intermezzo, "con grazia ed intimissimo sentimento." Mr Oppitz is, in sum a Brahms pianist of the first rank.

Max Loppert

SALEROOM

US tax incentives return

Museums in the US have been able to build up wonderful collections in recent decades because of the tax advantages that donors received if they gave their art treasures to galleries and museums.

This incentive was removed in the Tax Reform Act of 1986 and has led to a dramatic fall in gifts. The Association of Art Museum Directors has reported that the value of art donations to the 116 institutions it represents declined by $161m, or 63 per cent, from 1986-1988.

An amendment is now before Congress which aims to remove such gifts from the Tax, thus increasing once again the value of the tax deduction for the donor. Oddly enough Christie's is urging Congress to accept the amendment. Christie's, along with Sotheby's, has gained from the rich selling their art at auction now that they get no tax breaks from gifting.

However its US president, Mr Christopher Burge, says "the art world must preserve a balance between commercial and cultural institutions and the 1986 tax change has adversely disturbed that delicate balance."

A French desk of around 1750 bearing the sought after makers stamp BVRB sold for £464,435 at Sotheby's in Monaco over the weekend. It was reputedly once owned by King Umberto of Italy. Among the Italian furniture on offer an early 17th century table with a pieta dura top depicting an italianate landscape more than doubled its forecast at £383,158. The mosaic top is attributed to the much admired Cosimo Castrucci who worked in Prague around 1600, often for the Emperor Rudolph II.

Antony Thorncroft

ARTS GUIDE

March 2-8

OPERA AND BALLET

London

Royal Opera, Covent Garden. The long-awaited new production of Strauss's *Elektra*, the first in London for four decades, is by Götz Friedrich, conducted by Georg Solti. Eva Marton leads a cast which also includes Marjana Lipovsek, Nadine Secunde, Robert Hale, and Robert Tear. There are final performances of *Don Pasquale.*
English National Opera, Coliseum. David Pountney's polemical *Traviata* production continues in repertory, with Helen Field in the title role, and Alan Opie and Edmund Barham as the Germonts. Also the latest return of *The Mikado* in Jonathan Miller's celebrated "white-hotel" reworking.

Paris

Théâtre des Champs Elysées. Borodine's *Le Prince Igor* in a new production by Warsaw's Teatr Wielki (47203637).
Opéra Comique. Mozart's *Idomeneo* performed by the Orchestra d'Auvergne conducted by Jean-Jacques Kantorow (42600499).
Paris Opéra. Leningrad's Kirov Theatre under Oleg Vinogradov's direction presents a *Soirée Balanchine* with Helena Pankova as its star, followed by *Giselle* in Jean Coralli's and Jules Perrot's choreography at the Palais Garnier (47425371).

Amsterdam

The National Ballet with *Swan Lake* choreographed by Rudi van Dantzig and Toer van Schayk. (Tue, Wed). Danstheater. **Polish State Opera of Bydgoszcz** present *La Traviata.* Circustheater (55 88 00).

Brussels

Théâtre Royal de la Monnaie. The Monnaie Opera in Mozart's *Il Seraglio* co-produced with the Wiener Festwochen/Vienna State Opera.
Cirque Royal. The Ballet de Monte Carlo in *The Leaves are Fading* choreographed by Anthony Tudor and *Gaîeté Parisienne* choreographed by Leonide Massine (Thur).

Vienna

Staatsoper. *Andrea Chenier* by Giordano, *Werther* by Massenet, *Eugen Onegin* by Tchaikovsky. Ballet: *La Sylphide* by Lovenskjold, choreographed by Peter Schaufuss.
Volksoper. *Die Lustige Witwe, Der Bettelstudent, Das Land des Lächelns, Kiss me Kate, Tiefland,* Handel's *Giustino* and *La Bohème.*

Milan

Teatro Alla Scala. Wagner's *Die Meistersinger,* energetically conducted by Wolfgang Sawallisch, with a fine cast led by Nancy Gustafson, Benn Heppner and Bernd Weikl (alternating with Manfred Schenk), and the Prague Philharmonic Choir. (80.91.26).

Rome

Teatro dell'Opera. Scheduled performance of Strauss's *Ariadne auf Naxos* will not take place due to strikes (46.17.55).

Berlin

Opera. *Die Hochzeit des Figaro* in Götz Friedrich's production. Mara Zampieri repeats her much praised performance in the title role in *Das Mädchen aus dem goldenen Westen.* Also a co-production with the Lausanne ballet company with a premiere, choreographed by Maurice Béjart, danced to music by Wagner *(Autour du Ring).* Janacek's rarely played *Die Sache Makropulos* rounds off the programme.

Hamburg

Opera. The first successful Hamburg *Lady Mcbeth von Mzensk* production, by Juri Ljubimow, has a strong cast led by Olivia Stapp, Jan Blinkhof, David Griffith and Hubert Bischof. *Tosca* is sung by Galina Savova in the title role, Luis Lima (Cavaradossi) and Juan Pons (Scarpia). *Die Hamletmaschine,* by Wolfgang Rihm returns. *Matthäus Passion* is choreographed by John Neumeier and danced to music by Bach.

Frankfurt

Opera. The successful *La Clemenza di Tito* production of the Lievi brothers returns with a first-rate cast led by Helena Doese, Alicia Nafé, Vinson Cole and Margit Neubauer. *Die Nase,* well produced by Johannes Schaaf. Further performances of *Iphigenie en Tauride,* conducted by Gary Bertini.

Cologne

Opera. *Salome,* excellently conducted by James Conlon, is sung by Stephanie Sundine, Andrea Andonian, Monte Pederson, Marta Szirmay and Guenter Neumann.

Bonn

Opera. Jean-Claude Riber's curious *Macbeth* production, superbly conducted by Gianfranco Masini. Also *Der Barbier von Sevilla.*

Munich

Opera. *Fidelio* features Sabine Hass, Annegeer Stumphius, Theo Adam, Spas Wenkoff and Martti Salminen. *Arabella* is sung by Lucia Popp, Julie Kaufmann, Cornelia Wulkopf, Alfred Kuhn and Gertrude Jahn. *Le Nozze di Figaro* and *Der Freischütz* are also offered.

New York

Metropolitan Opera. Carlos Kleiber conducts the season's premiere of Franco Zeffirelli's production of *Otello* with Katia Ricciarelli as Desdemona, Placido Domingo as Otello and Barry McCauley as Cassio. Performances continue of James Levine conducting *Die Entführung aus dem Serail* in John Dexter's production. Gian Carlo Menotti's production of *Manon Lescaut* is conducted by Thomas Fulton. Lincoln Center Opera House (362 6000).

Washington

Washington Opera. Zack Brown's production of *Die Fledermaus. Aida* continues with Aprile Millo as Aida, Stefania Toczyska as Amneris and Vladimir Popov as Radames. (467 4600).

FIDELITY INTERNATIONAL FUND
Société d'Investissement à Capital Variable
5, boulevard de la Foire, Luxembourg
R.C. Luxembourg B 24054

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Shareholders of FIDELITY INTERNATIONAL FUND, a Société d'Investissement à Capital Variable organized under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the principal office of the Fund, 5, boulevard de la Foire, Luxembourg, at 11:00 a.m. on March 15, 1990, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors.
2. Presentation of the Report of the Auditor.
3. Approval of the balance sheet and income statement for the fiscal year ended November 30, 1989.
4. Discharge of the Board of Directors and the Auditor.
5. Election of five (5) Directors, specifically the reelection of the following five present Directors: Messrs. Edward C. Johnson 3d, Charles A. Fraser, Jean Hamilius, John M.S. Patton, and H.F. van den Hoven, being all of the present Directors except William L. Byrnes who by reason of his retirement does not offer himself for reelection. The Fund notes with regret the recent death of its esteemed Director, Hisashi Kurokawa.
6. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg.
7. Declaration of a cash dividend in respect of the fiscal year ended November 30, 1989.
8. Consideration of such other business as may properly come before the meeting.

Approval of the above items of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quorum to be present. Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares which constitute in the aggregate more than three (3) percent of the outstanding shares of the Fund, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: February 20, 1990 By order of the Board of Directors

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The sludge factor

THE JUSTIFICATION given yesterday by the British Government for its decision to phase out the dumping of sewage sludge in the North Sea by 1998 was, on first sight, rather curious. Mr Chris Patten, Environment Secretary, depicted the move as a costly and largely unnecessary concession made in the hope that it would *persuade Continental countries* to put more effort into cleaning up their rivers. The British Government was in effect acknowledging that it could not bear the moral strain of being in a minority of one on the sewage dumping question.

A first response might be that the Government should have refused to bow to the international clamour if it really believed in its case. Yet more pollution decisions are likely to be made in European or even international forums. One good reason for making concessions, even when the evidence is judged inconclusive, is that this is part of a co-operative process in which others do the same.

Mr Patten made little attempt to explain the decision in strictly environmental terms. Britain knew of no hard evidence that the sludge caused serious environmental damage to the North Sea, Mr Patten said. Land-based alternatives for disposing of the sludge, including incinerators, will have to be found at considerable cost and some damage to the environment. Incinerators will increase, albeit to a small extent, emissions of carbon dioxide, the main greenhouse gas.

If ending the sludge dumping at sea was a such a finely balanced decision from an environmental point of view, then why take it?

Minor problem

The British Government wants to remove from the international agenda what it portrays as a relatively minor problem: dumping of sewage sludge accounts for only 1 per cent of North Sea pollution, on Mr Patten's estimate. Britain was in danger of being in the dock at the third North Sea Conference, which opens in the Hague tomorrow, since Britain is alone among the countries bordering on the North Sea in continuing to dump sewage sludge there.

Mr Patten hopes that the British Government's concession will allow it to pursue more effectively what it sees as the most serious source of pollution – the flow of badly polluted Continental rivers into the North Sea.

This form of high-level diplomatic bargaining is likely to *become more common in the* future. In principle, there is nothing wrong with that – provided that the costs of environmental decisions are set out rather more clearly than the British Government did yesterday.

Studiously vague

Having announced the sludge dumping ban, Mr Patten was then studiously vague about its costs. He was slightly more forthcoming about the costs of the other decision announced by the Government yesterday – the ban on the untreated discharge of sewage into river estuaries or along the coast.

This will require the water industry to undertake a £1.5bn investment programme, which will add 6 per cent to water bills over a period of 10 years, Mr Patten said. But that was as far as the Minister went in producing figures which could be used to assess the Government's decision.

The Government is correct *to stress that reducing pollution* is never costless from either a financial or environmental point of view. The cost question is likely to become even more crucial if and when the international community attempts to tackle the really big environmental issues, like the greenhouse effect.

But Ministers should do more to encourage this understanding by publishing full assessments of costs whenever it makes environmental proposals. Consumers, whether individual or industrial, have the right to a clearer presentation of how they will be affected by environmental decisions than that which Mr Patten offered yesterday.

Equally important, such assessments must be also made at the EC or global levels. This is the best way to ensure that decisions on which the UK feels obliged to concede are soundly based.

Regulation of global trading

THE RISKS inherent in global securities trading have always been a source of worry for regulators in the world's main equity and bond markets and rightly so. The recent volatility in the markets has exposed the urgent need for better risk management by banks and securities houses.

The DG Bank affair in West Germany is a case in point. Sharp price falls in the international bond market have led to an embarrassing row over the proper destination for substantial losses arising from weak internal controls and inadequate regulation. The bank dealt with nine French counterparties via two brokers to provide a *temporary home* for more than DM 6bn (£2bn) worth of government bonds. At stake in the subsequent argument over whether DG Bank pledged at the time to buy back the bonds is some DM 600m of losses.

With capital at stake, a prudent bank or securities house will take any steps possible to reduce risk caused by trading activities. Trade matching, a *straightforward matter of* counterparties comparing and agreeing the details of a transaction, is the simplest method of controlling and reducing such risk.

This was clearly recognised *last year in a report on international* clearing and settlement by the Group of Thirty, an influential body of international bankers which noted that the lack of timely and efficient matching systems was one of the most risk prone components of securities processing. The Group of Thirty meets again next week in London to review progress in improving international settlement. *The DG Bank affair* should ensure a strong focus on trade matching.

Respected pledges

At the heart of the DG Bank dispute are the oral promises supposedly made to the various counterparties. Mr Pierre Bérégovoy, the French Finance Minister, has said that it is *important that such pledges* are rigorously respected. The trouble with this high-minded appeal is that it mistakenly suggests that local securities markets can turn back the clock in a market that is now irreversibly global.

The irony is that the dispute could easily have been avoided if the various banks involved had been using a system already established by the Association of International Bond Dealers. This system, known as Trax, is an electronic matching and reporting system used by 255 securities houses, including all UK-based AIBD members. The system is also open to non-members.

The AIBD wants to extend its unique risk management network. Unfortunately, it is vigorously opposed by its continental European members, with German banks among the most vehement detractors. The reasons centre on the cost of the system, a strange objection given the potential losses that can be caused by unmatched trades. A more plausible suggestion is that the banks are trying to avoid unwelcome regulation.

Changed culture

The obligation of "my word is my bond" may have worked in the days when a bank's honour and reputation were genuinely at stake and an informal club ethic could be relied on to resolve disputes. Today, overcapacity and competition have changed a parochial culture beyond recognition. *In a falling* global market, so the saying goes, "my word is your bond."

A proper regulatory structure that provided a clear trading audit trail would not only be more appropriate given modern technology, but would also provide protection and benefits.

It is questionable whether the AIBD could make its trade matching system compulsory for all its members without splitting itself irreparably. Nor is it clear that the potential risk of counterparty defaults to the system as a whole requires such a move. But the merits of *trade matching are amply demonstrated* by the DG Bank saga. And those banks with a real commitment to global trading would do well to recognise that the cost of membership of a robust and efficient confirmation system is far outweighed by the concomitant reduction in risk. A further push from the Group of Thirty on this score would be all to the good.

Hugo Dixon reports that telecommunications operators are using more selective strategies to sell their services internationally

A clearer line to markets abroad

The world's telephone operators may have got into the globalisation game late by comparison with industries such as automobiles or banking, but they are now making up for lost time.

In the past, phone companies, as publicly-owned utilities, were not encouraged to flex their muscles abroad. Even if they had been, foreign markets were closed to them.

Now that chinks are appearing in the old monopoly structures, the few phone companies that are free of state control have embarked on an overseas expansion binge. In the US, the main players have been AT&T and the seven "Baby Bells," which were spun off from AT&T in 1984. In Europe, British Telecom and Spain's Telefonica have led the way.

Phone companies made 25 cross-border acquisitions with a value of \$2.1bn in the 1988-89 financial year, according to a recent report* by Booz-Allen & Hamilton, the London-based consultants. In the previous year, there were only six, valued at \$120m.

As well as buying up foreign companies, the operators have been investing hundreds of millions of dollars directly in overseas projects. The biggest example of this is the interest that the Baby Bells have shown in putting money into cable television networks in the UK and elsewhere.

It looks as though the current level of activity is merely the precursor to a tidal wave, as liberalisation spreads across the world and the operators start to use their very large financial resources. Booz-Allen calculates that AT&T, BT and the Baby Bells would have \$20bn of cash to invest in acquisitions and joint ventures if they borrowed to the same extent as the rest of US industry.

But should the phone companies be splashing out cash on foreign adventures? Would their shareholders not be better off if they spent their money improving their networks at home – something customers would also be grateful for? Or, if they had any left over, returning it to their shareholders in the form of higher dividends?

It must be said that the overseas record has not been impressive to date. AT&T's first big overseas deals were its acquisition of a minority stake in Olivetti, the Italian office equipment manufacturer, and its formation of a joint venture with Hol*land's Philips to supply telecommuni*cations equipment to Europe's phone operators.

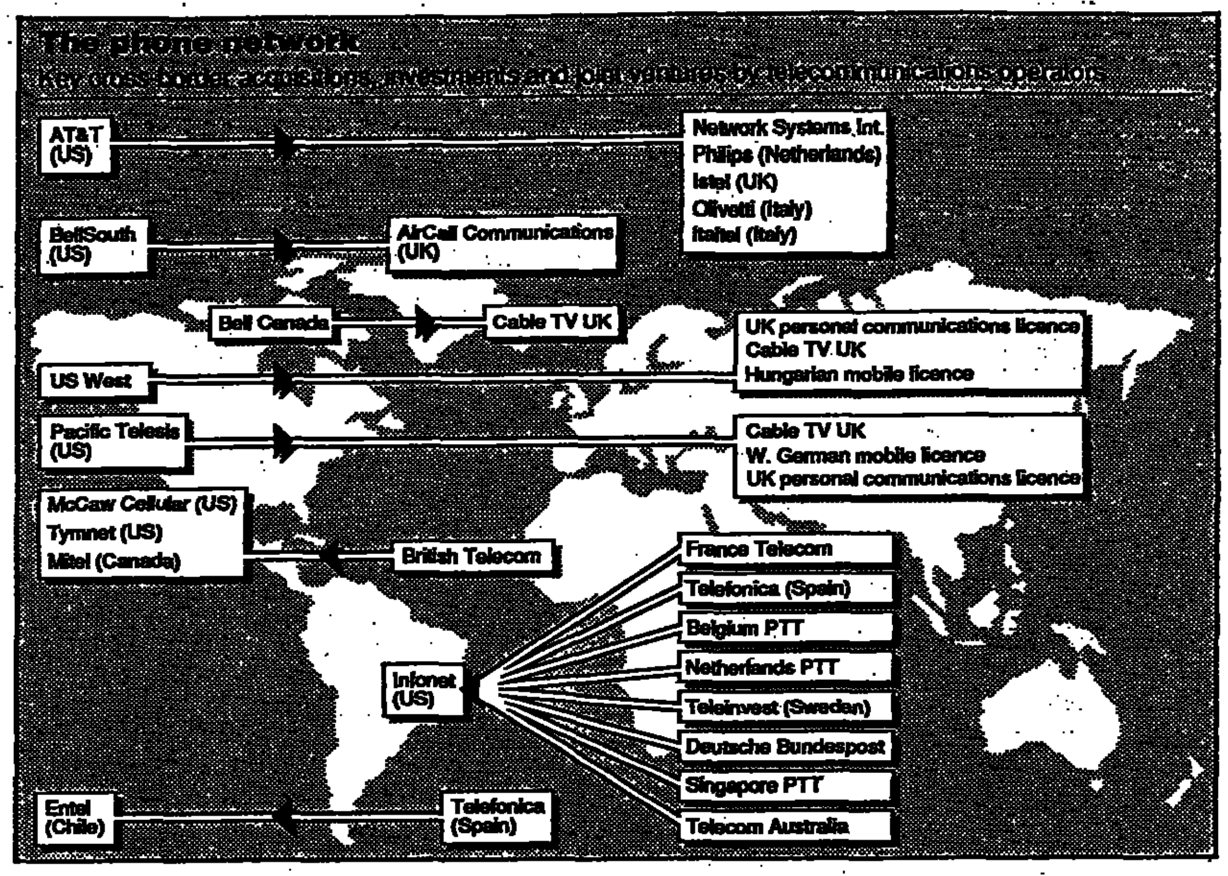
The Olivetti partnership floundered when AT&T discovered it was not helping its ambitions to be an important player in the computer world. The Philips venture has been gradually wound down as the US company realised that its Dutch partner could not wave a magic wand and open up Europe's phone markets.

AT&T realised Philips could not wave a magic wand to open up Europe's phone markets

BT's first big deal, the purchase of a majority stake in Mitel, the Canadian telecommunications manufacturer, was even more of a disaster. AT&T was at least the world's leading telecommunications manufacturer as well as being an operator; BT was embarking on virgin territory by going into manufacturing.

Earlier this year, though, it *abruptly reversed this strategy*, announcing that it was putting its Mitel stake up for sale. It is likely to receive only a third of the C\$322m (£163m) it originally paid.

After these initial retreats, it is tempting to conclude that the phone operators *should* be sticking to their knitting at home rather than embarking on dangerous foreign excursions.



There is strong appeal in the argu*ment that the operators do not* have the relevant expertise to make sensible investment decisions overseas, coming as they do from sheltered monopoly backgrounds.

By contrast, France Télécom, a state-owned company, has not been tempted to splash out money overseas. It has seen its role as one of modernising the French communications network as quickly as possible. This is not just out of public duty; it is also because it believes that the more modern its network, the more French consumers will be attracted to using it for advanced data and video services, so boosting its revenue.

The operators in liberalised countries, however, argue that they are not in the same position. The introduction of competition means they are destined to see their shares of their home markets fall. The only way to continue growing is to invest overseas, they say.

A further argument, often heard, is that their core telephone business is expanding fairly slowly – Booz-Allen says local phone service across the world is growing by 4 per cent a year, while long-distance is going up by 7 per cent a year. The growth rate in other markets looks much more interesting: cellular services are expanding by 19 per cent a year; value-added services are growing by 22 per cent; and electronic data interchange (EDI), a method of transmitting orders and invoices over telecommunications networks, is shooting up by an astonishing 86 per cent a year.

But rivals at home and the existence of fast-expanding niche markets do not, in themselves, justify invest*ing money overseas*. For a start, it may make sense to step up investment at home in order to head off competition from rivals; and exciting new markets such as mobile communications and EDI can be developed at home as well as abroad.

Furthermore, whatever the pressures at home, there is no point in spending money on foreign projects if the return is inadequate.

However, the poor record so far does not mean that phone operators cannot make money out of foreign investment. The conclusion is rather that a selective strategy, which builds on the operators' genuine strengths, is appropriate.

There are signs that the pioneers – AT&T and BT – are learning this lesson, having burnt their fingers in their earlier escapades. If the new deals are successful, they may be able to consider the errors of the past as an expensive but effective education.

Last year, AT&T made two big moves overseas. Its acquisition of a minority stake in Italtel, Italy's largest telecommunications manufacturer, should guarantee it a significant slice of the contracts for modernising Italy's antiquated phone network. And its purchase of Istel, the UK specialist telecommunications software company, may be a sensible way of gaining expertise in advanced services such as EDI.

Similarly, BT has been redefining its international strategy – pulling back from manufacturing and concentrating on services, an area where it has greater expertise. Its acquisition last year of Tymnet, a leading US data communications company, is a good illustration of this strategy. It should help BT serve multinational business customers better.

However, a question mark still remains over the \$1.4bn BT spent early last year on buying a 20 per cent stake in McCaw Cellular Communications, a leading US mobile group. Although BT has some expertise in cellular communications, through its Cellnet subsidiary in the UK, it is doubtful whether it can teach McCaw much that it does not already know.

There is a similar question mark over the investments that the Baby Bells have put into the UK cable television market. The most active are US West, which has stakes in 20 per cent of the UK cable franchises; and Pacific Telesis, which has stakes in 10 per cent of them.

The Baby Bells have no experience of cable television, being forbidden to offer it at home. They justify these investments partly on the grounds that by getting their feet wet overseas they will be better prepared to take part in the cable television market in the US, if and when they are allowed to.

Another justification is that the UK government is likely to allow cable television operators to provide telephone services over their networks following the completion of a wide review of telecommunications policy next year. It is likely, though, that at the same time BT would be allowed to offer television over its phone network, pitting it directly against the cable operators and possibly undercutting their business. Even without this threat, the cable companies are facing competition from satellites for delivery of television.

There are two broad areas, however, in which the privatised phone operators could effectively exploit their expertise overseas.

The first is in helping other countries develop mobile communications networks. Both the UK and the US have a high penetration of cellular phone users, thanks partly to the competitive structure in which their industries grew up. Most other industrialised countries, which started by giving their local companies monopolies in mobile communications, are lagging.

So when West Germany decided last year to award a private consortium a cellular licence to compete with the Bundespost, there was a good case for including Pacific Telesis and the UK's Cable & Wireless in the group. Their expertise in mobile communications will probably help the system develop more quickly than if it had been left totally to Mannesmann, the German engineering group.

Similarly, when the UK decided to license three new personal communications networks, there were advantages in drawing on US expertise. US West and Pacific Telesis had stakes in winning consortia.

Unlike BT's acquisition of a minority stake in McCaw, the phone companies in these cases clearly have some relevant technology to transfer. Also, unlike the BT investment, the operators are not paying a premium to buy into the market. They will simply be investing whatever is needed to build up the networks.

The second area in which the liberalised phone operators can be useful is in transfering technology to less-developed countries.

At the moment, the two parts of the world where this is most relevant are Latin America and eastern Europe. Both have inadequate phone systems and are desperately in need of funds and expertise to modernise them.

In Latin America, Argentina and Mexico are in the process of privatising their phone companies and are trying to develop mobile communications networks. Argentina, in particular, is keen that foreign operators should manage its phone system so that valuable know-how is passed over.

In eastern Europe, Hungary is planning to privatise its phone network. And both it and Poland are working on laws which would allow foreign companies to build private phone networks in competition with the public networks.

Such moves are likely to result in a much *faster development of the tele*communications infrastructure than *if modernisation was left in the hands* of state-owned monopolies. The privatised phone companies of the West are likely to be the prime candidates to take part in this process.

Helping other countries build mobile phone systems is one way operators can export expertise

But building networks in eastern Europe and Latin America or helping West Germany catch up in mobile communications is a far cry from buying stakes in a Mitel or an Olivetti. The message is that, if they wish to make money for their shareholders, phone companies should stick to what they know best and go to places where they are really needed. That strategy is also likely to bring the greatest benefits for the world as a whole.

**International diversification strategies for telecommunications service companies. Booz-Allen & Hamilton. 100 Piccadilly, W1V 9HA.*

OBSERVER

Poindexter's trials

■ The directors of AT&T, the US telecommunications group, may have some sympathy for John Poindexter, the national security adviser to Ronald Reagan. Poindexter's trial on charges arising out of the Iran-Contra affair started yesterday.

It is presided over by Federal District Judge Harold Greene, who looked after the 1982 anti-trust case which led to the breakup of AT&T and the flotation of the Baby Bells. He has a continuing role in monitoring the agreement and is the US's most important industrial regulator.

Now 67, Greene was a child refugee from Nazi Germany. He obtained a law degree at night and made his name as a *Justice Department* civil rights lawyer involved in writing the crucial mid-1960s legislation. Appointed a judge in 1965, he joined the Federal bench 12 years ago.

The Poindexter trial is beset by political and *legal* traps – one of which Judge Greene has already tackled with the eight-hour videotaped testimony of former President Reagan. But before the trial can get going, the jury has to be selected.

A pool of 206 potential jurors has been summoned and they have had to fill in questionnaires saying whether they had seen, read or listened to portions of *Poindexter's testi*mony to Congress in 1987; 76 said they had.

Yesterday the potential jurors faced personal questioning. Poindexter's lawyer asked *the first one, an unemployed* delivery driver for an auto parts company, what she thought of Reagan. The judge intervened to uphold the prosecution's objection.

Establishment

■ Odd that in the revived debate about the British Establishment hardly anyone seems to mention the Bank of England. Yet if one had to give a single example of an establishment at work, that would be it.

The secret of the Bank is that it never really lets on how much it knows. Probably it is the best informed institution in the country, both about the state of the economy at home and about economies abroad. But it does not always reveal the extent of its knowledge even to the Foreign Office or the Treasury.

This discretion adds to the Bank's influence when it chooses to exercise it. I leave it to others to say whether the Bank's influence is benign. What is strange is that people can write and talk with apparent authority about the Establishment without taking the Bank into account.

Hashimi United

■ Sheffield United, one of Britain's oldest football clubs, is to change hands. The club announced yesterday that the majority stake held by the chairman, Reg Brealey, is to be bought by Sam Hashimi, an Iraqi-born naturalised British businessman.

Hashimi has no apparent connections with Sheffield, although he owns a couple of restaurants in Yorkshire. He lives in Ealing and came to Britain 15 years ago as a student.

At 32 he seems a remarkably accomplished young man, hav*ing studied economics at Bagh*dad University and computer science at London. He comes from a wealthy family and worked with Al Jazira, the middle east construction company, building a network of contacts with similar British operations.

He now has his own joint venture with Tarmac to develop a 150-acre retail, leisure and housing scheme in Swindon. In London he owns a restaurant and sports club, with another club opening soon.

"Well, you'll *just* have to wait."

Hashimi is also mad about football. He made an inquiry about buying Manchester United, but was put off by too many other contenders and a refusal by Martin Edwards, the club's owner, to name a price.

At Sheffield Hashimi hopes to market the club's games via satellite and video to 5m viewers in the Middle East and take the team there to play several times a year.

Load of bull

■ Sultan, one of the world's *most expensive bulls*, has been rushed to an animal clinic in Alicante, Spain, after dislocating a knee cap while trying to mount a cow. The injury is so serious that only the personal intervention *of the Prime* Minister of the Cantabria region in the north has helped him escape being sent to an abattoir.

Sultan, who weighs about 1,000 kilos, was bought as a stud from Canada by the Cantabrian Goverment for close on \$1m in 1988. He has since sired 10,000 offspring and another 20,000 cows are said to be currently pregnant by him. In his two years of service, he has made 70,000 sperm donations, which would have been worth \$75 each at Canadian prices.

Bulls like Sultan have become crucial to maintaining the quality of Spain's bovine population, since European Community rules have made it harder to import North American cows *en masse*.

But his future now looks bleak. Although there will be an operation today, experts believe that, at the very least, Sultan will have to be retired.

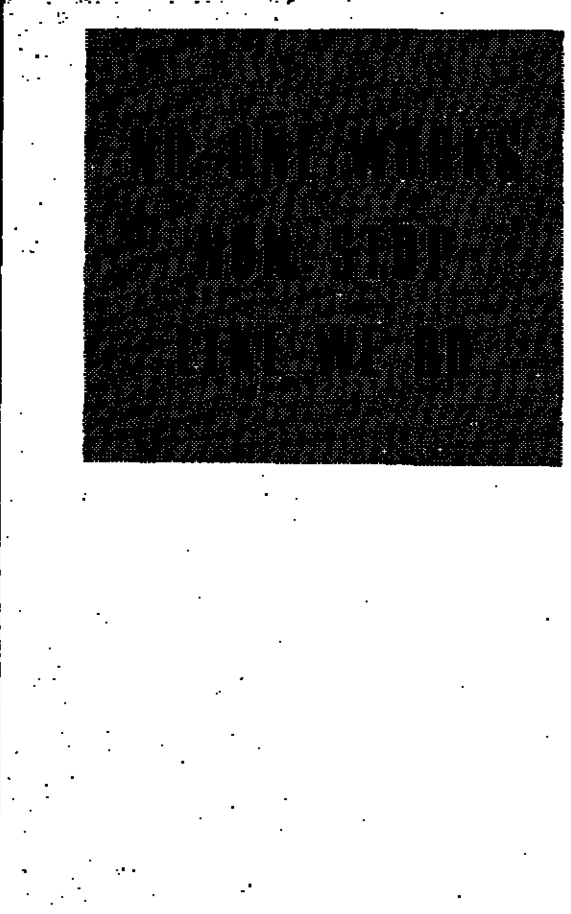
Raw movies

■ I like political *movies*, even if they do do not always appeal to the critics. Two are showing in London at present. Romero is about the Archbishop of San Salvador who was assassinated in church. It helps to explain why a generation of the European left became so caught up with events in Central America.

Born on the Fourth of July is about the American involvement in Vietnam and its consequences at home. It is not as good as some other movies about Vietnam, notably The Deer Hunter, and it has not attracted much interest in London. But if you want to be reminded of what America was like when the war was on, you should see it. Note in particular the way the country moved from questions of war to social issues.

Mobile labour

■ East Germany's armed forces are fading away through defec*tions to the West. But a prob*lem remains with the Stasis, or secret police. One suggestion doing the rounds in East Berlin is to make them taxi-drivers. At least they would know everyone's address.



Only JAL have 17 flights a week from Europe to Japan.

JAL
Japan Airlines

LETTERS

Bill offers Britain's co-operation too freely

From Mr D.J. Elvidge and Mr E.J. Henbrey.

Sir, We are writing to draw attention to the Criminal Justice (International Co-operation) Bill, which has had its second reading in the House of Commons, having already passed through *all* its stages in the House of Lords. It reaches the committee stage in the Commons today.

At first sight the Bill appears to be not in the least controversial – no law-abiding citizen can object to mutual assistance in criminal matters, and certainly not when the purpose of the Bill is stated to be to enable the United Kingdom to co-operate with other countries in criminal proceedings and investigations (by acceding to the European Convention on Mutual Assistance in Criminal Matters) and to join with other countries in implementing the Vienna Convention against illicit traffic in narcotic drugs and psychotropic substances.

The reason for this letter is that the Bill will empower the Government not only to accede to the European Convention, but also to an Additional Protocol.

The primary purpose of the protocol is to bring within the scope of the convention fiscal offences, which are presently excluded. But the Bill goes even further than that. It would, subject only to the discretion of the Secretary of State, enable countries throughout the world to pursue through the UK courts persons accused of fiscal offences within their own legal codes.

In the UK fiscal (for example tax) offences are not generally the subject of criminal prosecutions, although that may not be the case in other countries. Other countries may also make exchange control offences subject to criminal prosecution, whereas since 1979 exchange control has been unknown in the UK.

The inclusion of fiscal offences has so far been justified as a means to enable the Inland Revenue to secure evidence overseas that can be used in criminal prosecutions in the UK. In fact it will do no such thing if the overseas country concerned has not itself chosen to adopt the Additional Protocol, or some similar treaty arrangement. No country acceding to the convention is required to accede to the protocol, and many will not.

The Inland Revenue already has a wealth of bilateral and multilateral agreements which enables it to secure exchanges of information for tax purposes, and as recently as 1988 the then Financial Secretary told the Commons that the adequacy of these arrangements was such that the UK did not intend to sign the Joint OECD/Council of Europe Convention for Mutual Assistance in Tax Matters.

A very worrying feature is that by adopting the present Bill the UK is inviting any other country which alleges a fiscal offence against one of its citizens to obtain confidential information, for example details of bank accounts, information in accountant's records, and commercial information generally, in circumstances where the alleged offence may not be an offence under UK law, and where the UK authorities themselves would have no power to obtain such information.

It is highly questionable whether such co-operation should be so freely offered if the alleged offence is not criminal both in the country in which the offence has taken place and in the country where assistance is sought. It is even more questionable whether the UK courts should lend themselves to pursuing the citizens of countries ruled by dictatorial governments for alleged fiscal offences. Tax law in unscrupulous hands can be a powerful instrument of oppression.

So far as the UK is concerned, no thought appears to have been given to the commercial consequences, for example to the City of London, if foreign users of the City's financial and professional services have no confidence that their affairs will remain confidential.

Of course, no drug trafficker or drug money launderer should believe that his affairs are confidential. Our concern is for the customers who are resident in countries where justice may fall well short of British standards and where it would not be difficult for exchange control or taxation offences to be alleged as a *means*, for example, *of seeking* information about a political or religious opponent.

There are serious constitutional and legal matters involved in this Bill which we fear may go by default. To give one small example: it is a long-standing principle of UK law that it will not enforce the taxation claims of another country. That principle would be abandoned.

A far more significant example is that the safeguard against abuse included in the Bill is that an application from a foreign country will not be passed to the UK courts unless the Secretary of State thinks fit. It seems extraordinary that such vital protection is limited purely to an executive discretion. It should be for the courts, not a minister, to think fit in this area.

It is clear from reading the debates in parliament that the political drive behind this Bill is the widespread, and entirely justified, desire to combat the international drug trade. It was *stated* in the Commons second reading debate: "The problem is so serious as to require us to go to the limits of the criminal justice system."

It seems to us entirely inappropriate that action about an entirely different problem, fiscal offences, should be quietly tacked on to a Bill of this nature. Whether or not fiscal offences should "require us to go to the limits of the criminal justice system," it is surely something which requires widespread consultation and debate over an appropriate period of time. It is not something which should be rushed through parliament at the tail end of a Bill which aims at a completely different problem: the drug trade.

Without in any way seeking *to undermine the wish of the* UK authorities to play their full part in combating international crime, the undersigned believe that before this Bill is enacted it should be amended to make clear that it does not extend to fiscal offences. How best to deal internationally with such offences can then be considered separately, and in the light of all their ramifications (including their effect on the UK financial services industry) which are quite different from those applying to the drug trade.

D.J. Elvidge,
Chairman,
E.J. Henbrey,
Deputy Chairman,
British Bankers' Association
Fiscal Committee,
10 Lombard Street, EC3

Adequate fines for pollution

From Mr David Sawers.

Sir, Your editorial comment ("Business and Pollution," February 26) does not recognise the link that will exist between the severity of the penalties which companies suffer for causing pollution, and the efforts they will put into preventing future pollution.

If companies find that the fines they have to pay for pollution are substantially greater than the cost of improving procedures to reduce the risk of causing pollution, they will improve procedures – without the National Rivers Authority having to inspect their premises and tell them how to do so. It should be unnecessary for public money to be spent to tell companies how to run their businesses and it would be unnecessary if adequate fines were levied for careless and incompetent behaviour.

The fine of £1m levied on Shell for polluting the Mersey was wholly inadequate to produce this result, as Shell's reaction suggests. A much larger fine would be required to hurt a company of its size, and to give it – and other large companies – the needed incentive to take more care.

It is to be hoped that judges in any future cases will remember that deterrence is one reason for punishment, and will not allow themselves to be influenced by such irrelevant factors as a company's contribution to the arts.

David Sawers,
Crosby,
10 Seaview Avenue,
Angmering-on-Sea,
Littlehampton, West Sussex

The outlook for D-Mark bonds

From Mr Geoffrey Dennis.

Sir, Any assessment of whether the recent sharp increase in D-Mark bond yields is justified, given the prospects of early monetary union between the two Germanys (Howard Flight, Letters, February 22), requires a clear analysis of the negative factors for the market that may follow such a historic step.

There seem to be three main worries for investors in German government bonds (Bunds). The first is the potential for higher inflation from the wholesale conversion of East German savings into D-Marks for spending in West Germany. This concern is almost certainly overdone. Our analysis indicates that at a fixed rate of, for example, three East German Marks to DM 1, West German money supply could rise by nearly 30 per cent, once credit multiplier effects work through.

Such a monetary explosion will simply not be allowed by the Bundesbank to happen. It will react to any inflow of liquidity into the German banks as it has in the past treated inflows into the D-Mark. It will siphon it off through a tightening of monetary conditions and interest rates will rise, probably very sharply. Assuming the inflationary pressures are contained, higher interest rates need not *per se* be a negative for the Bund market.

Much more important is the impact of the costs of East German reconstruction and payments to new immigrants into West Germany from the eastern bloc on the German budget deficit. We estimate that the deficit could more than double to DM 50bn (over 2 per cent of gross national product) in 1991. However, Mr Flight is wrong to conclude that this added fiscal burden will be inflationary. Once again, the Bundesbank will not allow the increased deficit to be monetised. However, the deficit will still have to be financed and the extra supply of Bunds that must be sold to finance this spending is ample justification for the market's recent decline.

The third factor is the most difficult to quantify, but is arguably the most important – heightened political risk. If the two Germanys are to be unified, *West* German Bunds are no longer being sold to fund the *West* German budget deficit. If the quality of Bunds is to be diluted by the "inclusion" of East Germany into the West German state and the quantity of Bunds rises, we have a modern version of debasing the coinage. How much this is worth in terms of a larger risk premium and higher yields is hard to assess.

Yields of 9 per cent on Bunds may well prove to be good long-term value. It is doubtful, however, whether such a level will hold in the current, very uncertain, environment. Therefore, the recent rise in yields on Bunds is almost certainly justified. However, the main negative for the market is unlikely, in the end, to be higher inflation. A significantly higher budget deficit *and increasing political risk* are the Bund market's justifiable long-term concerns.

Geoffrey Dennis,
Chief International Economist,
James Capel & Co,
James Capel House,
6 Bevis Marks, EC3

Auditors and their clients

From Mr P.J. Welch.

Sir, Mr B.G. Jenkins (Letters, February 22) raises a key issue arising from the Caparo decision *and, I fear, misses* the whole point.

I quote: "... in this firm our objectives and strategy are to understand what *our audit clients* want and strive to meet their requirements to the best of our ability."

Before writing this letter I reread several auditors' reports. Without exception, they began: "... To the *members." Until recently I had* been tempted to believe that, when, as *member*, I had voted for the (usually continuing) appointment of someone as auditor, I was doing so as one of its clients. It would appear that Mr Jenkins has laboured under no such illusion.

Is there any chance that we might one day arrive at the simple notion that an auditor is appointed for one good reason – to tell the shareholders whether, *for all* practical purposes, the numbers the management puts before them are OK? That, together with the right to sue him or her if *the* auditor has not exercised care to the extent that I have been misled, seems to me to be a reasonable requirement which the law should uphold and the accounting profession meet.

Perish the thought, but were *this notion to gain currency*, there might even be some thought given to prospective members or should all annual reports be prefaced by *caveat emptor*.

P.J. Welch,
Frankfield,
Spinfield Lane,
Marlow, Buckinghamshire

Not smoke but clean steam

From Mr T.P. Moorhead.

Jimmy Burns ("Sellafield shows visitors," February 24) writes: "the great cooling towers ... belch clouds of grey smoke"

It is not "smoke" (implying "dirty"), but clean steam, or water vapour, just like steam from a domestic kettle (not so hot) and like the clouds of the sky, which it joins. It is not dirty or radioactive.

The point is important because of repetition in articles and television pictures where the plumes are shown without the distinction being made clear. It is a main advantage of a nuclear plant that it does not belch poisons into the air.

T.P. Moorhead,
19A Ravine Road,
Bournemouth, Dorset

Channel Tunnel workforce

From Mr P. Matheron.

Sir, Jennifer Monaghan ("France struggles with an immigration problem of European dimensions," February 2) referred to immigrant labour in France as part of a clandestine workforce which kept the wheels going round, and said the construction industry, including the Channel Tunnel relied on it.

To correct the impression regarding the TML French workforce, you may like to note that more than 85 per cent of our workforce comes from the Nord/Pas-de-Calais Region and that, at the end of December, out of a total workforce of 8,311, we had 178 "foreign" workers of whom 90 were from the European Community.

P. Matheron,
Directeur Construction France,
Transmanche-Link,
70, rue Mollien,
Calais

Third World relief: how not to throw good money after bad

From Mr Karl Ziegler.

Sir, I refer to Ivo Dawnay's article ("Debt Relief and the Poor," February 8), which coincided with the London visit of President-elect Collor de Mello of Brazil. It was the clearest and most compelling argument I have seen for the need for greater conditionality and broader, democratically focused disciplines to be required of governments of heavily-indebted Third World countries, as a precondition for larger-scale debt service relief and debt principal reduction.

Otherwise, for many of these borrowers, increased debt relief would simply mean more jam for the rich, ever-deepening poverty for the least advantaged members of society and further harm to the nation's environmental assets.

Mr Dawnay suggested that increased debt relief for Brazil would principally be used to repay internal debt, held primarily by the wealthy élite at inflation-protected rates of interest. Apparently that is not recognised by some well-meaning environmentalists and others, who seem to equate debt relief for Brazil with the regeneration and rescue of biologically rich rain forests and ethno-biologically astute native peoples.

For such goals to be realised and for real poverty relief to occur, major governmental reforms are needed. These must be coupled with commitments to self-imposed disciplines before debt relief for countries like Brazil will help to cause sustainable, environmentally sound, bottom-up development.

The new government of Brazil might do well to restructure and reschedule domestic debt immediately and to impose far-reaching land reform programmes on larger scale holdings. Subsidies and tax concessions have greatly reduced government revenues, while *depriving poor people of often* traditionally and sustainably worked lands.

At the same time, Mr Collor would do well to propose to northern creditor governments that they buy-in some of Brazil's outstanding foreign commercial bank debt at reduced and fixed secondary market prices. This would be in support of a wide-ranging and democratically focused series of environmentally sound, bottom-up development programmes.

Such programmes could include the ecological education schemes and environmentally directed institution-building commitments mentioned in Mr Collor's London speech. Furthermore, such programmes should include many planks of the President-elect's campaign.

The key element is that *heavily indebted governments* should propose their own environmentally focused menu of sound and mutually agreed projects. They should contractually commit themselves to these projects against immediate debt relief and longer-term staggered debt principal forgiveness, as their programmes are seen to be successful.

Debt relief, without better economic, political and environmental management, will otherwise be an exercise in throwing good money after bad.

Karl A. Ziegler,
6 Bradbrook House,
Studio Place,
Kinnerton Street, SW1

One of my treasured possessions is volume three of the Grosser Historischer Weltatlas, published in 1962 by Bayerischer Schulbuch-Verlag of Munich. I acquired it almost by accident. Having originally acquired volume one to gain brownie points with my ancient history master at school, I thought it would be nice to have the full set. Volume two, dealing with medieval history, was the one I was really looking forward to, but it never arrived. For all I know they are still working on it down there in Munich: one imagines committees of German professors locked in insoluble argument about the overlapping jurisdictions of Margraves, Landgraves, Archbishops and Prince-Electors in the early years of the Holy Roman Empire.

Still, volume three, *Neuzeit*, is on the whole more relevant to my present concerns. In fact it has become an essential tool of my trade. One actually needs to know, for purposes of today's political arguments, where the pre-war frontiers of Europe were, and how and when they were changed. It is perhaps even more important to know how the postwar frontiers were taught to West German schoolchildren, at any rate until the signing of the treaties with Poland, East Germany and the Soviet Union in the early 1970s.

Turn to page 191: Europe after the Second World War. On this map, despite its title, the most conspicuous feature is a red line representing the 1937 frontier of Germany. Everything within that frontier is shown in the same colours, but with three different patterns. The Federal Republic (West Germany) has diagonal lines going upwards. East Germany, with diagonal lines *going downwards, is* labelled "Soviet Occupation Zone." Further east the pattern changes to criss-cross and we find an area including Stettin and Breslau (marked with those names only) and labelled, in very small type, *"unter polnischer Verwaltung"* (under Polish administration). A fourth area, separate from the rest but with its own bright *red* border *and the same criss-cross* pattern, represents pre-war East Prussia and is divided by a dotted line into a southern half, also *"unt. pol. Verw."*, and a northern half, including the city of "Königsberg", which is *"unt. russ. Verw."* (under Russian administration). No sign anywhere of the names Szczecin, Wroclaw, or Kaliningrad.

My object in describing this map is not so much to condemn the Germans for their incorrigible irredentism as to explain why Chancellor Kohl's current posture on the German-Polish border, however regrettable, is electorally comprehensible. The red line, remember, is the German frontier of 1937, that is before Hitler got going on his territorial expansion of the Reich. It is essentially the frontier fixed by Germany's victorious enemies in the Treaty of Versailles (1919), which the representatives of the Weimar Republic had to sign without negotiation or discussion. In other words it contains what was left of Germany after France had recovered Alsace-Lorraine and after Poland had regained the territory taken by Prussia in the 18th-century partitions, including the "Polish corridor" which separated East Prussia from the rest of Germany; after (moreover) Upper Silesia had been divided according to the wishes of the inhabitants, as ascertained in a plebiscite carefully organised by the Allies.

FOREIGN AFFAIRS

Secure and recognised boundaries

Edward Mortimer questions Chancellor Kohl's tactics on the Polish border issue

When Germany lost the war *in 1945, Germans of course did* not expect to keep any of Hitler's ill-gotten gains. But they were genuinely shocked to find themselves expelled from regions such as Pomerania and Lower Silesia which had been German since way back into the Middle Ages. The incorporation of these territories into Poland was clearly an act of arbitrary force, carried out by the Red Army on Stalin's orders. It is true that at the same time Stalin (with somewhat better demographic justification) annexed an even larger area of eastern Poland to the Soviet Union, but that was no consolation to the Germans.

It happened 45 years ago, and a large majority of Germans – east and west – now accepts that the western frontier of Poland will stay where it is. But it is hardly surprising that the former inhabitants of the lost territories, and their immediate descendants, are reluctant to accept this. They form a lobby in West Germany several million strong, most of whom vote for Mr Kohl's Christian Democratic Union and its Bavarian sister, the CSU. The danger that they might defect to the right-wing Republikaner is real, and could have the ironic effect of ensuring that the first federal government of a united Germany is formed not by Mr Kohl but by the Social Democrat Mr Oskar Lafontaine: ironic because the Social Democrats *are much more firmly committed* than Mr Kohl to leaving the postwar borders as they are.

Poles consider that unequivocal ratification of frontiers must be part of the process by which German unity comes about

It is to avoid this that Mr Kohl keeps dodging and weaving on the issue, taking refuge in the legally correct but unhelpful argument that the West German constitution does not permit a final decision on German frontiers to be taken by a parliament representing only part of the German people: in other words unity must come first, whereas the Poles and virtually everyone else in Europe consider that final and unequivocal ratification of the frontiers must be part of the process by which unity comes about.

Last Wednesday Mr Kohl appeared to move a step forward with his suggestion that after the East German elections on March 18 the democratically elected parliaments of both parts of Germany could adopt identical resolutions promising to make no territorial demands on Poland now or in the future.

But it appears that these resolutions would, in the Chancellor's mind, still be hedged with the condition that only the reunified Germany can make the final settlement: this condition may be a pure formality, but the question inevitably arises why it is necessary, unless to keep alive precisely that ambiguity which the resolutions would ostensibly be designed to end.

And then, two days later, Mr Kohl muddied the waters still further by suggesting that the resolutions should also reaffirm the waiver of reparations claims against Germany, declared by Poland as long ago as 1953.

At this point his tactics become very difficult to follow, since he seems to have united everyone against him. Not only has the Polish government pounced on the proposal, promising that "if the West German side wants to widen the matter" it will demand compensation for more than 1m Polish citizens who were used as slave labour during the war; not only has his own foreign minister remarked that "we must consider very carefully if it really is in the German interest to put the question of reparations on the agenda;" but *even the lobby he is trying to* placate has started threatening to bring down the government and provoke early elections. He seems to be getting the worst of all worlds.

Yet past experience suggests that one should beware of underestimating Mr Kohl as a political tactician. It may be that he is deliberately provoking an international storm so *that his hand* is visibly forced on the border issue, both by West Germany's allies in Nato and by his Free Democrat coalition partners. That way they can take the blame in the eyes of right-wing German opinion, and he can retain the image of a patriot who still has Germany's historic national interests at heart.

What is much more questionable is whether such tactics can be said to amount to statesmanship.

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FINANCIAL TIMES
Tuesday March 6 1990

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Hints of reform in Albanian doublespeak

Tirana eyes changes in east Europe and lets people buy dollars, writes Kerin Hope

IN THE main hall of the Banke Shqiperia, a group of Albanians cluster around a window where a cashier is weighing gold rings on a jeweller's scales. One man in an old-fashioned cloth cap unclenches his fist to reveal a filigree silver bracelet, dull with age.

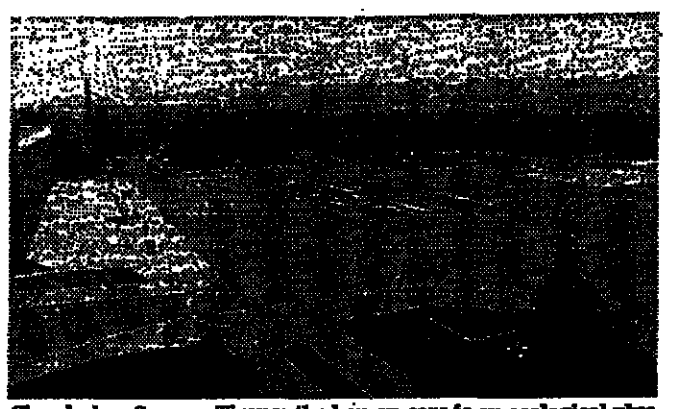
In return for selling family heirlooms to the central bank, they receive US dollars to spend at Tirana's hard currency shop for diplomats, on imported consumer items such as washing machines and motor-scooters.

It is a measure of the changing outlook in Europe's last communist outpost that Albanians are now allowed to use the currency of their foremost ideological enemy. In the past, American Albanians who sent money to relatives had it returned with a note rejecting capitalism.

Since the death in 1985 of Enver Hoxha, the architect of Albania's policies of stalwart self-reliance and deep suspicion of the outside world, the leadership has relaxed some controls on everyday life and sought better economic ties with western Europe.

The pace of change quickened recently as communist regimes crumbled across eastern Europe. Albanians had no difficulty in keeping up with events: watching Greek, Italian or Yugoslav television is no longer an offence.

In a country where Balkan doublespeak is almost an art form, no signal is too insignificant to be discounted. So the removal some months ago of the gold-plated busts of Lenin and Stalin from the central bank entrance "for cleaning" and the closure "for renovation" of the Lenin-Stalin Museum in Tirana could well point to a less ideologically oriented future.



Skenderbeg Square, Tirana: the ban on cars is an ecological plus.

At a central committee meeting in January, Mr Ramiz Alia, the Albanian leader, called the collapse of communism a tragedy. But he also announced plans for reform that included multi-candidate elections to the People's Assembly, decentralisation of light industry and transport, more private housing, and even productivity-linked wage increases.

While vegetables are always available, chronic shortages of meat and milk are often mentioned as a source of popular resentment. But in the southern town of Gjirokaster last week, people were buying fresh chickens wrapped in plastic and yoghurt in dark green bottles. Further north in Fier, a drab industrial town, farmers sold oranges from sacks on street corners.

Western diplomats noted that shops were much better stocked immediately after the Ceausescu regime in Romania was overthrown in December.

"There is no doubt the leadership feels menaced by what happened in Romania and that was a trigger for making people's lives a little less difficult. But at the same time surveillance has been stepped up – there are more Sigurimi around," one diplomat said.

The ubiquitous Sigurimi security police, who keep a discreet watch in the streets or linger in hotel lobbies ready to tail foreigners, reportedly number about 30,000 in a population of 3.2m. They are considered the main deterrent to a popular uprising.

With half the population aged under 30, pressure for reform, however limited at present, seems unlikely to diminish. Talk of democracy, freedom of speech and unrestricted travel surfaces during encounters after dark in parks and alleyways. The leadership is said to be divided into reformists under Mr Alia and elderly hard-liners.

Socialist self-sufficiency, however, shows signs of having to yield to a more realistic economic policy. Industrial output is stagnating because of outdated technology and a desperate shortage of spare parts and new equipment for the Soviet- and Chinese-built factories of the 1950s and 1970s respectively. Annual per capita income, at just under $1,000 (£600), is Europe's lowest.

Oil production has declined to about 2.3m tons annually. Many wells are dry, and better technology is needed to exploit new ones.

The quality of chromium ore, the country's main export, is unsatisfactory and mining operations need a drastic overhaul. Copper and nickel exports are also unlikely to meet EC standards after 1992 unless some hard decisions are taken on using more western money and expertise.

The main obstacle to modernisation is the constitution, which bans foreign debt. Mr Alia tells foreign ambassadors that Albania cannot negotiate loans but is willing to accept gifts. In that spirit, West Germany has provided at least DM15m (£5.3m) in the past two years. Greek businessmen, however, say they have discussed joint ventures and requests for credit from Albanian state import organisations are becoming more frequent.

One result of the failure to modernise industry is environmental pollution which matches that in other eastern European countries. Streams flow black with sludge in the oil valleys around Ballsh. In Tirana, smog from low-quality coal, used for heating, blankets the city in the evenings. Ironically, the ban on private cars is now cited as an ecological plus.

But the atmosphere in the capital has grown livelier: jeans and leather jackets appear on the evening *corso* or stroll around Skenderbeg Square past a gigantic statue of Hoxha, and rock concerts are *sometimes* held.

Foreign travel, previously restricted to graduate students, university teachers and party officials, has become a possibility. Last year, the first Albanian tourists visited Greece, Turkey and Switzerland.

THE LEX COLUMN

Mr Major takes a pounding

This is where Mr John Major came in. Yesterday's sterling decline of over four pfennigs against the Deutschemark and one cent against the dollar is eerily reminiscent of the aftermath of Mr Lawson's resignation. The current political crisis could, of course, be as short-lived as the fall out from the falling out of the former Chancellor and the Prime Minister. The markets now have events in central Europe and policy uncertainties in Tokyo to worry about; in due course, they will take comfort in the UK's 15 per cent interest rates.

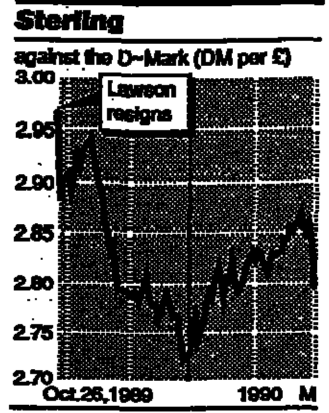
But the poor Conservative performance in the opinion polls may just be giving traders an excuse to sell what they would have sold anyway. Last week's trade figures have been re-examined and found wanting and the gloomiest analysts are now looking for an inflation rate of over 9 per cent sometime in the next quarter.

The Chancellor's position will hardly have been helped by yesterday's unexpectedly buoyant consumer credit figures. The Central Statistical Office is now displaying remarkable ingenuity in explaining away poor figures – *this time the culprit was the* flu epidemic. But however roguish the January statistics, a £500m increase in credit outstanding certainly does not indicate that the consumer boom has been crushed for good.

There is thus little leeway for the Chancellor in the Budget, even to pull off the 1981 trick of tightening fiscally to disguise a relaxation in monetary policy. All Mr Major looks capable of doing is battening down the hatches in the hope that the picture looks brighter in 1991. His chances may come to depend on how workers react to the latest surge in inflation when making this year's wage demands. A falling pound, whatever it does for the trade deficit, will do nothing to bolster employers' appetite for the struggle.

Sterling

against the D-Mark (DM per £)



ICI

Judging from the glee with which London investors reacted to yesterday's news of ICI's thoughts about a possible stock buy-back scheme, it might seem that ICI has finally found the secret of pleasing the City, after three years of dismal share price under-performance. To a large extent, too, ICI is only following US rivals such as Dow Chemical, which started repurchasing its own equity as far back as 1983, or Du Pont, which announced a big such scheme 12 months ago. It is far from certain though that yesterday's 1.1 per cent rise in ICI's shares to £10.89, on a day when the rest of the FT-SE 100 fell the same amount, is an unequivocal sign that ICI will be doing the right thing if it takes a big punt in its own stock.

True, simple arithmetic suggests that even with short-term interest rates at 15 per cent, ICI could buy back its shares at anything up about £12.40 and *still enhance earnings* per share. The possibility that it might do so should, in theory, put a floor under the shares. The snag is that ICI, regardless of the Dow and Du Pont examples, is not necessarily the ideal corporate share-repurchase candidate: that is, a cash-rich company, in a thoroughly mature industry with few investment opportunities.

On the contrary, ICI says its expected £1bn capital spend in 1990 could have been higher, but for some belt-tightening. As for the balance sheet, with net debt of £2.1bn, ICI is about 40 per cent geared. Even a sale of its Enterprise Oil stake would not bring borrowings down below £1bn. If ICI were only in the cyclical chemicals business, share repurchases would look a safe bet; but nearly 30 per cent of its trading profits come from pharmaceuticals, where there is still everything to play for.

American Express

In for a penny, in for a pound. American Express has at last done the responsible thing and decided that it has to sort out the problems at Shearson *Lehman Hutton* rather than walk away from them. The speed with which the various ideas for recapitalising Shearson have changed over the last few months is unnerving, especially since Shearson's owner *has made* no secret of its wish to get the business off its own balance sheet. This hardly instils public confidence in a major Wall Street firm which badly needs more capital.

It is little surprise that plans for a public offering flopped in the current uncertain climate; and the idea of American Express underwriting a rights issue and then dumping the Shearson paper on its own shareholders sounded like a sure way of driving Shearson's depressed share price even lower. One can only wonder at what Nippon Life, Shearson's patient Japanese shareholder, made of American Express' increasingly desperate efforts to sell Shearson over the last few weeks. It is hardly the sort of behaviour one expects from a long-term business partner who sold you shares in Shearson *at more than 3 times their* current price.

As for American Express's own shareholders the 29 per cent fall in its share price over the last five months says it all. Instead of distancing itself from a highly cyclical business it is getting more heavily *involved. It will probably* have to raise more capital, and its diversification strategy is seen to be in a shambles. It does not reflect well on the current management of what used to be one of America's better regarded blue chip stocks.

B&C

Until at least late April, nobody outside British & Commonwealth will see the precise extent to which its net borrowings at end-1989 were greater, or smaller, than the £1.47bn it was showing 12 months before. So it was premature for the stock market yesterday to bid B&C's shares up 9 per cent, to 59p, solely because Indo-suez apparently wants to pay top dollar for B&C's Gartmore fund management subsidiary. Assuming B&C gets £150m for Gartmore, it will have raised from disposals £400m since this time last year; but observers' estimates of how much debt that still leaves fluctuates wildly, at figures of up to £900m. At the heart of the matter though is the question of just how well or badly B&C's Atlantic Computers subsidiary is doing. If B&C's £400m-purchase of Atlantic in 1988 was the cause of B&C's present problems, its chances of finding a way out depend on the extent to which Atlantic has retained its value.

UK to clean up North Sea waste disposal

By John Hunt, Environment Correspondent, in London

BRITAIN yesterday announced a series of moves to reduce the impact on the North Sea of British waste disposal and to counter the country's image as "the dirty man of Europe."

Mr Christopher Patten, Environment Secretary, announced that the dumping of sewage sludge in the North Sea would be ended by 1998, while the discharge via pipeline of raw sewage into the sea would be phased out "as soon as practicable."

Mr John Gummer, Agriculture Minister, announced that Britain would cease incineration of toxic waste in the North Sea by the end of this year – four years ahead of deadline.

The proposals are intended to strengthen Mr Patten's hand at this week's third North Sea Conference. The minister made clear that the cost of his proposals would have to be passed on to customers of the newly privatised water industry.

His announcement provoked a disagreement on costs with the Water Services Association (WSA), which represents the water companies.

Mr Patten estimated the extra cost of treating the sewage before it went into the North Sea at about £1.5 bn ($2.47bn) – resulting in an additional 6 per cent on customers' water bills spread over about 10 years.

Mr Patten declined to put a cost on the ending of sewage sludge dumping. This will result in heavy bills for the companies which will have to install costly incineration plant to deal with it. Britain is the only country still dumping such sludge in the North Sea – at the rate of about 10m tonnes a year.

The WSA said the likely total cost of the two proposals would be around £2.5bn, although it would not speculate on the likely effect on customers' bills. The association said that ending the piping of raw sewage into the sea would necessitate large sewage treatment plants at coastal sites. This, it said, was not justified on environmental grounds.

It reluctantly accepted the ending of sewage sludge dumping although it felt such dumping was safe and could be a better alternative than incineration on land.

It believed the cost of phasing out sludge disposal at sea would be £320m in capital expenditure with additional running costs of £30m a year.

However, some of these costs could come within the estimated extra $7bn already announced by the association for the implementation of the EC's draft municipal waste waster directive.

Mr Patten said his two announcements, together with other recent environment programmes, would mean an extra £4.5bn in one-off costs to the water industry.

But his proposals are unlikely to satisfy the other seven North Sea states attending the conference in The Hague tomorrow and Thursday.

West Germany has backing of others for the ending of sewage sludge dumping by 1995. On another front, meanwhile, the other conference members remain dissatisfied that Britain will not be able to end the dumping of industrial waste in the North Sea until 1992 at the earliest, even though this was supposed to have ceased at the end of last year.

Editorial comment, Page 18

Belgium for single franc rate

By David Buchan in Brussels

BELGIUM and Luxembourg yesterday abolished the double exchange rate for their franc, as part of the European Community's move to capital freedom in four months.

The system, which since 1955 has pegged the franc's rate for current commercial transactions while allowing the rate for financial transactions such as long-term loans or short-term speculation to float free, disappeared with hardly a ripple.

The margin between the two rates, over 10 per cent at times of tension as in 1982, has been near zero for weeks, reflecting the strength of the (commercial) franc against the D-Mark in the EMS.

The Finance Ministry in Brussels said yesterday that this was one reason for the move now to a unified system, even though Belgium and Luxembourg had – in the context of the general Community commitment to remove foreign exchange controls by July 1 – given themselves until the end of 1992 to ditch the system.

The other spur to action, the ministry *said*, were recent moves by France and Italy to ease exchange controls earlier than their formal July 1 deadline. Belgium and Luxembourg did not want to be outdone as "good Europeans," particularly in maintaining a system that had outlived its usefulness.

While it had allowed Belgium and Luxembourg to re-introduce convertibility in 1955, before several other European countries, developments in modern financial engineering made it harder to achieve a clear decision about which transactions should be converted at which rate.

Henceforth, the rate at which the Belgo-Luxembourg franc is pegged in the EMS will have to bear the full weight of the two countries' foreign transactions, with the free financial rate no longer providing a safety valve for speculative forces.

The Association of Belgian Banks said yesterday that the measure would have little impact on its 50,000-strong bank workforce, who still have the task of reporting foreign transactions for the compilation of balance of payments statistics.

EC's Gatt pledge seen as warning to US

By Tim Dickson in Brussels

THE European Community – in a renewed attack on the US – said yesterday that the Uruguay Round of talks held under the General Agreement on Tariffs and Trade (Gatt) "*must lead to the elimination* of unilateral measures developed over recent years which run counter to the multilateral economic system."

Foreign ministers of the 12 affirmed in an agreed statement that: "In the opinion of the Council, the Gatt system is an indispensable corner-stone of the international multi-lateral economic system."

Ministers emphasised their wish for "a reinforced Gatt system, including improved rules and procedures concerning dispute settlement" and pointed out that this implied that domestic legislation involving unilateral measures should be brought into line with the principles and practice of Gatt rules. The European Commis*sion is expected to come for*ward with proposals on dispute settlement in the next few weeks.

The statement reflected the sense of anxiety in a lengthy discussion on the subject by the ministers yesterday that the Uruguay Round multilateral trade negotiations might be running out of steam.

The 12 broke little new ground but it was thought it was important for the Community to reaffirm its commitment to a successful outcome to the talks, scheduled to end with a ministerial meeting in Brussels in early December.

EC diplomats and officials make no secret of the fact that section 301 of the US Trade Act – which empowers the *Administration to retaliate* against perceived unfair trading practices – is the prime culprit they have in mind.

Some even cite this as evidence that the Americans are not interested in "serious negotiations," although Washington is emphatic that it is the EC side – distracted by events in eastern Europe – which if anything lacks proper commitment at this time.

Yesterday's statement was in part an attempt to refute that allegation. "For the Community – engaged in the process of completing the single market and aware of its responsibilities at international level during this period of historic changes affecting the European continent – integration *into an expanded multilateral* trading system which is both open and solid is of vital importance."

On agriculture, the 12 reaffirmed their view that "the constructive and realistic proposal" presented by the Community in Geneva – aimed at substantial reductions of global agricultural support and protection – is a "good basis" for moving forward with reform of this sector of international trade.

US leads moves to ease CoCom licensing, Page 8

Talks on car imports

Continued from Page 1

tion" would be very serious. It would indeed be contrary to several Treaty of Rome provisions, and Mr Ridley threatened British legal action in the European Court if UK-made Japanese cars were restricted from sale.

The UK is so far the main home of Japanese car investment, with a Nissan plant already in operation and another from Toyota under construction.

Britain has had an arrangement limiting Japanese cars imports to around 11 per cent of its market, but France restricts such imports to 3 per cent while Italy, Spain, and Portugal have set a low, absolute maximum on Japanese car imports.

Planned abolition of intra-EC borders after 1992 would make national import quotas hard to administer, though not impossible in the case of cars which, unlike other consumer goods, are subject to national registration.

Banks unite to curb $

Continued from Page 1

than did British monetary officials who gave every indication of bracing themselves for turbulence in the currency markets to continue up to the UL budget on March 20 and the *Mid-Staffordshire bi-election* and February's trade figures, both due on March 22.

The pound's fall unsettled the equity market where the FT-SE 100 Share Index shed 24.3 points to end at 2,230.5. Prices for long-dated UK Government bonds, gilts, fell by up to $1\frac{1}{16}$ points to push long term interest rates up to 11.75 per cent.

In the money market short term interest rates firmed. As yet the market has not begun to discount another rise in UK base interest rates, but some analysts have begun to speculate about the possibility of such a rise. Concerning an interest rate rise, one official said: "We don't want it and we don't need it, but it all depends on the Budget."

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	15	59	Dubrovnik	S	13	55	Malta	C	13	55	Rhodes	S	13	55
Algiers	S	21	70	Edinburgh	R	9	48	Manchester	C	10	50	Rio de J'o	C	32	90
Amsterdam	C	8	46	Faro	C	15	59	Manila	C	32	90	Rome	S	14	57
Athens	C	10	50	Florence	S	13	55	Melbourne	S	23	73	Salzburg	F	8	46
Bahrain	S	21	70	Frankfurt	F	7	45	Mexico City	R	23	73	San Francisco	C	9	48
Bangkok	F	33	91	Funchal	C	16	61	Miami	C	17	63	Seoul	S	9	48
Barcelona	S	14	57	Geneva	S	7	45	Milan	S	10	50	Singapore	F	32	90
Beirut	–	–	–	Gibraltar	C	14	57	Montreal	S	-17	1	Stockholm	C	6	43
Belfast	R	8	46	Glasgow	R	9	48	Moscow	C	-1	30	Strasbourg	S	8	46
Belgrade	C	9	48	Guernsey	F	9	48	Munich	S	8	46	Sydney	S	19	66
Berlin	C	8	46	Helsinki	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Discord on Poland continues in Bonn

Continued from Page 1

Bonn Government should make a binding declaration of the inviolability of Poland's *post-war western border*.

Mr Genscher says that Mr Kohl and his closest advisers are kindling opposition abroad to German unity by fostering suspicions that Germany still harbours territorial claims on Poland.

Mr Kohl, meanwhile, said in a separate statement yesterday that he was sticking to his position that Germany must be united before it can clear up the issue of Poland's western border. He said this was related to the outstanding questions of Polish demands for war reparations and the treatment of the German minority population in Poland.

Mr Otto Lambsdorff, chairman of the Free Democrats, yesterday stepped up his weekend attacks on the Chancellor by accusing him of infringing rules of "fair treatment" of members of government.

Warning of the effect abroad of Mr Kohl's ambiguity over the Polish border, Mr Lambsdorff said: "If we don't pay attention, the way will be difficult." The road to unity could *not* be "automatic and gung-ho" as the Chancellor seemed to be suggesting, Mr Lambsdorff said.

The Polish border issue is particularly emotive because the Second World War started with Germany's attack on Poland. It ended with millions of German refugees being expelled from formerly German areas east of the Oder-Neisse line.

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IT'S SOIL DESTROYING
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CONSTRUCTION EQUIPMENT

INSIDE

US chip-maker wants to be a big potato

Motorola has secured an important role in the computer industry supplying chips which other companies use in their computers. But the US semiconductor maker had never had much success in its own ambition to be a computer-maker. It has not turned *in a profit on computers* since 1984 and four years ago, admits Edward Staiano (left), president of the group's General Systems sector, it even considered dropping out of the computer market. Now, the company is hoping for a change of fortune. It has launched a range of *office* computers in a bold attempt to become a leading supplier of "open-system" networked business computers. Louise Kehoe finds that Motorola runs the risk of upsetting some of its best customers — computer manufacturers who buy Motorola chips. **Page 24**

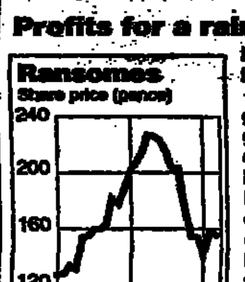
Japanese see-saw

The see-saw motion of the Tokyo stock exchange last week left most global markets unmoved, with the World Index ending slightly higher thanks to a strong showing by the US. A fear of higher interest rates remained the chief cause of Japan's depression and the market has now fallen 13.9 per cent this year in local currency terms — making it the world's worst performer so far in 1990. **Page 44**

Little to be cocky about

There's nothing that pleases Australian farmers more than the sound of rain splashing on their corrugated tin roofs. Every drop is welcome in a tortuous business beset by searing temperatures and cuts in government aid. The farmers or "Cockys" as they call themselves are used to a volatile existence with violent swings in profitability and production. **Page 32**

Profits for a rainy day



Lawn-mower makers like a bit of rain as well — it makes the grass grow. Ransomes, the UK group whose $15m purchase of Westwood has been referred to the Monopolies and Mergers Commission, was disgruntled at last year's long hot summer. But it still managed to boost its pre-tax profits for 1989 by 9 per cent. The better-than-expected result, announced yesterday, was interpreted favourably by the market with the shares rising 13p to 170p. **Page 27**

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Allianz	2485	+	45
BHF-Bank	476	+	11
Hochtief	1228	+	27
Springer	803	+	30
Viag	401	+	6
Falls			
Mannheimer	850	−	25

NEW YORK ($)

Rises			
Digital Eq.	75⅞	+	⅞
MCA	57	+	1
Philip Morris	37½	+	⅝
Falls			
Am. Express	27⅞	−	1½
General Motors	45¾	−	⅜
Shearson	11⅞	−	⅝

New York prices at 12.30.

PARIS (FFr)

Rises			
CCF	230	+	14.7
L'Oreal	4600	+	264.5
Metrologie	215	+	10.5
Skis Rossignol	1069	+	62.5
Falls			
BIP	902	−	50
GTM Ent.	1201	−	69.5

TOKYO (Yen)

Rises			
Asahi Concrete	1880	+	180
Eighteenth Bk.	1500	+	150
Nakanogumi	1550	+	150
Oiyta Bk.	1850	+	190
Falls			
Kanematsu	1850	−	150
Nissho Elect.	7150	−	850

LONDON (Pence)

Rises			
Hatfield Est.	236	+	11
ICI	1089	+	12
Rank Org.	778	+	6
Falls			
Allied-Lyons	429	−	13
Bass	931	−	28
Body Shop	458	−	31
Brit.Aerospace	484	−	21
Brit. Gas	218	−	5
Brit. Telecom	285	−	8
Capital Radio	200	−	11
Granada	289	−	9
Nat West	347	−	5
RHM	385	−	7
THORN EMI	687	−	4
T.I.P. Europe	197	−	7
Tiphook	464	−	9
Water Pkg.	1618	−	87
Westbury	177	−	9

ICI seeks to buy in shares

By Nikki Tait in London

IMPERIAL Chemical Industries, one of Britain's largest industrial companies, yesterday announced that it is seeking powers to buy back up to 10 per cent of its shares.

ICI's move follows similar action by a number of UK companies, unhappy about their falling share prices over the past two years. Share buy-back programmes have been under way at a wide range of groups recently, from FT-SE 100 Share companies such as BAT Industries and Guinness to relatively small enterprises such as Suter, the industrial mini-conglomerate.

ICI stressed yesterday that it would only use the powers — which need approval from shareholders at the company's annual meeting in May — to enhance earnings per share. It also stipulated that the purchase of any shares would need to be "in the best interest of the company at the time."

Under UK regulations, any shares bought must then be cancelled. ICI also stated that the price paid for any share could not exceed 105 per cent of the average middle-market price for 10 business days before the purchase was made. This stipulation, together with the 10 per cent limit, are standard conditions when buy-back powers are sought.

Yesterday, ICI played down any suggestion that it was likely to utilise the full extent of these powers. The object of seeking the permission, it said, was "increased flexibility." It said there was "no intention to leap into the market and buy in 10 per cent." ICI has about 690m shares in issue and, with the price at just over £11 at yesterday's close, a full 10 per cent buy-back would cost about £760m.

The company also said it did not expect any buy-back to restrict its ability to recover advanced corporation tax. This can be an obstacle when a company buying in shares has insufficient UK-based earnings. The chemicals group said the number of shares which it would consider buying in was too small to raise problems on this front.

In spite of ICI's tendency to play down the practical significance of the move, most analysts yesterday described the action as helpful to the ICI share price. The immediate response was a 12p lift in ICI's shares, to £11.01p, despite a 24.3 point fall in the FT-SE 100 Share Index yesterday.

Lex, Page 22

American Express mulls capital increase

By Janet Bush in New York

AMERICAN Express said it would consider whether to bolster *its own equity capital* position through a private or public sale of its shares, following its decision to take full control of Shearson Lehman Hutton, its troubled brokerage subsidiary.

Amexco, announced on Sunday its decision to buy the remaining publicly-held shares of Shearson and said yesterday that it was concentrating on a strategic review of Shearson's business.

Although the company said it would have a strong capital position — even after pouring a total of $1.35bn of fresh funds into Shearson — it added that it might decide to raise more to cover any restructuring of the brokerage house. Executives at American Express and Shearson said yesterday that all options were open, acknowledging that radical action was needed to restore Shearson's financial and business health.

Last week, the two companies announced that Shearson would cut 2,000 jobs this month in a cost-cutting plan aimed at saving $400m a year. Mr Howard Clark, who took over from Mr Peter *Cohen as chief executive of* Shearson five weeks ago, has promised a broad-ranging review "from the ground up."

Clearly, one attraction of taking Shearson private is that American Express and Mr Clark will have more flexibility in restructuring the securities business and, if necessary, selling assets and disposing of certain operations. Nobody was yesterday prepared to rule out the sale of the entire business at a later date. The American Express board decided on Sunday to buy all outstanding shares of Shearson in a tax-free merger of an American Express subsidiary into Shearson. The transaction, costing American Express around $350m, will involve the exchange of each common share of Shearson for 0.426 of an American Express share.

Mr Clark was appointed chairman of Shearson, adding this title to those of chief executive and president.

Lex, Page 22

Thorn poised to acquire Geffen

By Alan Friedman in Los Angeles and Andrew Hill in London

THORN EMI is poised to acquire the Geffen Company, the last surviving large US independent record label, in a share-and-cash deal which values the group at about $700m.

The proposed deal, coming more than two years after Sony of Japan paid $2bn for CBS Records, is yet another instance of the reshaping of the world recording industry.

Although small, Geffen has had a string of hits on the Billboard album and single charts.

The UK company declined to comment yesterday, but it has been learned that an agreement in principle has been reached through the offices of Lazard Frères, which has been seeking a buyer for Geffen for the past two months.

The Thorn EMI/Geffen deal has not yet been signed, but barring last minute problems it is expected to go ahead in the next few days. If successful, the acquisition would make Thorn the third largest distributor of recorded music in the world, behind CBS, which has about 17 per cent of the market, and PolyGram, which belongs to the Netherlands group Philips and has 16 per cent.

The deal would strengthen the British company's presence in the US, where it has been looking to increase its market share, particularly in the lucrative pop and rock charts.

Mr David Geffen, who started his record business in 1980 and built it up to annual sales of around $200m, could not be reached for comment yesterday. He currently has a distribution deal with Time Warner, the US media and entertainment conglomerate, but this expires in December.

Time Warner manufactures and distributes Geffen's records in return for 50 per cent of the profits and is the world market leader.

The Thorn deal should see Mr Geffen appointed to run a new joint EMI-Geffen music company. He is likely to receive a substantial equity stake in the new venture as part of the $700m purchase price. The new company would include Capitol Records and EMI, the two US labels owned by Thorn EMI, and possibly also *CEMA*, the record distribution arm.

In recent weeks, Mr Geffen and Lazard Frères have talked with a variety of potential buyers including Paramount Communications and the Disney Company.

COMPARISONS OF 1989 RESULTS OF BRITISH BANKS

	BARCLAYS		NAT WEST		LLOYDS		MIDLAND		ABBEY NAT.	
	1989 £m	% chng.	1989 £m	% chng.	1989 £m	% chng.	1989 £m	% chng.	1989 £m	% chng.
Net interest income	3,420	15	3,501	12	2,205	14	1,850	7	768	21
Other income	2,127	19	1,854	21	1,417	28	1,332	17	174	32
Costs	3,550	13	3,567	16	2,301	17	2,303	14	425	26
Charge for bad debts	414	42	445	105	445	190	307	53	14	8
Profit before tax and exceptional provisions	1,675	20	1,444	3	1,048	4	616	-11	501	-
Exceptional provisions for for country risks	983	-	1,040	-	1,763	-	877	-	-	-
Pre-tax profit	692	-50	404	-71	(715)	-175	(261)	-138	501	21
Profit/ (loss) after tax	477	-47	243	-74	(499)	-181	(204)	-149	323	19
Retained profits	144	-77	(65)	-109	(749)	-257	(359)	-226	-	-
Cost/income ratio		64.0		66.6		63.5		72.4		45.2
Total assets £bn	127.6	22	116.2	18	57.5	11	62.5	12	-	-
Market capitalisation £m	6,199	-	5,389	-	3,584	-	2,820	-	-	-
Shareholders funds £m	6,673	-	6,079	-	2,787	-	2,685	-	-	-

Banking battle swings to the home front

David Lascelles looks at prospects for Britain's big four clearers in the wake of results for 1989

The colossal £4.6bn ($7.4bn) of Third World debt provisions which the UK clearing banks made in their 1989 *accounts have dominated* their results in the last fortnight. Two of them, Lloyds and Midland, even find themselves in the unusual situation of having more in provisions now than they do in shareholders funds.

But however eye-catching, the figures are really only of historical interest. As Sir John Quinton, the chairman of Barclays, said on Thursday, they "mark the end of an era" because the clearers are in a position to write most of those debts off if they want to.

The more urgent questions facing the clearing banks have to do with the immediate business outlook, particularly in the UK where most of their activity, after several years of international retrenchment, is based.

On the face of it, the clearers' domestic results last year were good, and provided a useful counterweight to the Third World provisions. Loan volumes were up, and profits were ahead at three of the banks: 33 per cent at Barclays, 15 per cent at Midland and 6 per cent at Lloyds. But closer analysis suggests that the tough economic climate in the UK is having its effect.

Personal lending fell back as individuals tightened their belts in the face of near-record interest rates. The effect of this was particularly marked at Barclaycard, the UK's largest plastic card operation, where profits were sliced in half. Mortgage lending also eased off.

Most of the loan growth was confined to the *corporate sector*, and bankers say this reflects increases in "distress" borrowing as companies draw on their overdrafts to make up for declining revenues. The clearers responded to the worsening quality of their lending by raising their domestic provisions by £1.6bn. Lloyds trebled them, NatWest doubled them, and Barclays and Midland lifted them by 50 per cent.

Sir Kit McMahon, the chairman of Midland, says he is "quite pessimistic" because high interest rates will mean a lower level of banking activity and higher levels of bad debts. "But I'd make a good bet that our credit procedures will stand the test", he says.

What is adding to pressures on the banks is their decision last year to start paying interest on current accounts. The cost of this was high, ranging from £28m at Midland to £100m at NatWest (which was why its domestic banking business failed to raise profits). And the use of interest rates and novel accounts will continue to be a major competitive factor.

"1990 will be the year of the *saver," says Mr Brian Pitman*, the chief executive of Lloyds Bank. He expects deposits to grow faster than loans. But insofar as these deposits replace expensive money market funding, they could actually reduce his bank's funding costs, he believes.

An indication of the kind of competition which the banks face on the domestic market came from the Abbey National, which reported its first results since converting from a building society to a bank last year. Abbey specialises in the personal and mortgage loan markets. But contrary to the banks' poor experience, it managed to raise its lending by 24 per cent, *and its profits by 21 per cent*, unburdened as it is by Third World debt.

Abbey's strong advantage lies in the area of costs, the ratio of which to total income was only 45.2 per cent, compared to 63.5 per cent at Lloyds, the best clearer, and 72.4 per cent at Midland. However, all the banks have vowed to get their costs down. NatWest aims to reduce *them by £300m over the next two* or three years, according to Mr Tom Frost, the chief executive. That will involve reducing staff by several thousand.

There is a certain irony to the tougher prospects that banks face on the home market.

From the mid-1980's onwards they have been steadily retreating from the highly exposed international positions they occupied following an earlier phase of overseas expansion. The rationale was that the home market was both safer and more profitable.

Back in 1985, for example, Lloyds Bank had 58 per cent of its assets abroad. By last year this had declined to 36 per cent. *The share of net interest income* from abroad had halved to 19 per cent. Although it is hard to say what proportion of their profits the clearers earned abroad last year because of the heavy impact of Third World debt, analysts say it is unlikely to be higher than 15 per cent.

The banks have made things worse for themselves on the home market by all retrenching at the same time, and stoking competition up to unprecedented levels. The strategy, however, was justified in one sense last year: the margins they earned on their domestic business were still considerably higher than abroad.

NatWest's domestic net interest margin of 5.2 per cent was more than three times higher *than its international margin of* 1.6 per cent.

The banks may need these big margins if Britain's economic and political prospects fail to improve.

Downgrading of NatWest's subordinated debt rating, Page 24

Tony Andrews

Hurrying away from yesterday's AGM: Ephraim Margulies, chairman of Berisford

Concern grows over Berisford

By Clay Harris, Consumer Industries Editor, in London

CONCERN about the record of Berisford International, the sugar and property group, has spread beyond its largest shareholder, Associated British Foods, to include several institutional investors. They are especially uneasy about Berisford's New York property investments, which gave rise to extraordinary provisions of £48.9m in 1988-89, and establishing control over directors' pension and share options arrangements.

After questions were asked at Berisford's annual meeting, a spokesman said the board was aware certain *institutions* were pushing for the appointment of a new non-executive director and it was giving the matter serious consideration.

Berisford's desire to ease institutional disquiet was reflected in an expanded explanation of its New York exposure which, unusually, preceded the normal business of yesterday's meeting. This followed an equally unusual move by a few institutions which withdrew proxies they had submitted to the board.

As previously, however, the role of public inquisitor was left to ABF, the milling and baking group which owns just under 23 per cent of Berisford.

ABF attacked the pension arrangements for Mr Howard Zuckerman, chief executive of Berisford's US subsidiary. The index-linked pension is based on 100 per cent of his final salary and would apply even if he was dismissed for material dishonesty or left to join a competitor.

Mr Peter Jacobs, Berisford's chief executive said: "I am fairly confident that, in the fullness of time, revised and more normal arrangements will be reached."

Although a main board director, Mr Zuckerman did not attend yesterday's meeting; he never does, Berisford said. Calls to his New York office were returned by Berisford in London.

ABF asked for assurances that no director had a "family, business or other relationship" with partners whose interests in the New York property ventures had been bought out by Berisford.

Directors looked up and down the table at each other before Mr Ephraim Margulies, chairman, said: "I can confirm for myself and think probably for others." Mr Harry Bailey, ABF finance director, said he would seek a firm answer later this week.

The shadow of Guinness passed swiftly. Mr John Turner, a shareholder, noted that the trial had heard testimony that Beris*ford subsidiaries had participated* in a share support scheme during the Guinness bid for Distillers. He asked Mr Margulies if Berisford had lost out in any way and if the entire board had been aware of the alleged involvement. The question was fielded by Mr Henry Lewis, deputy chairman, who said it would be improper to comment and noted that Mr Margulies was not a defendant.

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Renault and Volvo to hold cross shares for at least 10 years

By Kevin Done, Motor Industry Correspondent in Geneva

RENAULT and Volvo will be prevented from selling their cross-holdings in each other for at least 10 years, Mr Raymond Levy, Renault chairman and chief executive, said yesterday.

There would be a series of clauses in the agreement to discourage either partner from seeking to dissolve the ambitious alliance, he said.

Under the preliminary agreement announced two weeks ago Renault and Volvo are to take stakes of 45 per cent in each other's truck operations.

At the same time Renault will take a stake of 25 per cent in Volvo's car operations and 10 per cent in the Volvo parent company. Volvo will take a stake of 20 per cent in the Renault parent company, which includes the French group's car operations, with an option to increase this later to 25 per cent.

At a joint press conference on the eve of the Geneva motor show, Mr Levy said a number of specific conditions would be written into the final agreement to discourage a break-up of the partnership, including a right of first refusal to purchase the other's stakes.

"We will not be able to sell our participations for 10 years," he said. Renault also intends to pay off the FFr1.2bn ($206.5m) convertible loans made by three French banks in 1987 to Renault Vehicules Industriels, as part of the financial restructuring of the group's truck and bus manufacturing subsidiary. The loans could have been converted into a 30 per cent equity stake in 1992.

Under the terms of the bank deal Renault is able to pay off the loans from Banque Nationale de Paris, Société Générale and Crédit Lyonnais, but at a significant premium, in order to sell an equity stake in the truck operations to another partner.

Mr Pehr Gyllenhammar, Volvo chairman and chief executive, said most of the initial gains from the alliance would be made in the two groups' truck and bus operations rather than in cars.

He said the alliance would be the seventh largest car maker in the world and the fourth largest in Europe, while it would be the world's biggest heavy truck maker.

Nokia is likely to win Turk Kablo share block

By Jim Bodgener
in Ankara

NOKIA, the largest Finnish industrial group, is favourite to win a bidding contest for a block of state-owned shares in Turk Kablo, a Turkish cable maker to be sold off as part of Turkey's privatisation programme.

Nokia has bid about $35m. The block of around 20 per cent of Turk Kablo comes from the Government's 38 per cent holding, according to Istanbul industry sources.

The purchase would give Nokia a majority stake, although it has said it will issue 20 per cent to the Turkish public soon after the transaction.

A decision on the deal is awaited from the Higher Planning Council (HPC), the country's supreme economic planning board, after evaluation of bids by the Mass Housing and Public Participation Administration, the parastatal overseeing the Turkish Government's ambitious privatisation drive.

Recently, the drive has snagged on court cases brought by the Opposition suspending the sale of majority holdings to foreign interests in two deals last year, for cement plants and an airport catering company. If the HPC goes ahead with the Nokia transaction, it will indicate the Government's willingness nevertheless to press ahead with sales to foreigners.

The issue on which the court suspensions turned was a 1987 HPC decision that privatised state holdings should be offered first to employees and the Turkish public, before foreign interests.

Turk Kablo has a 20 per cent share of the domestic cable market. In 1989, its pre-tax profits increased to TL17bn ($7.02m) compared with TL4.2bn the previous year.

Other bidders for the company included Turkey's Mensucat Santral, and the Saudi Cable Company, which already has a stake in another Turkish cable company.

For Nokia, the deal would represent further expansion, following the purchase recently of the Netherland's NKF Cable Company.

Amexco forced to learn crisis management

Janet Bush traces the struggle to rehabilitate the troubled Shearson Lehman Hutton

American Express, a company known for its disciplined, deliberate approach to business, has been forced to engage in minute-by-minute crisis management over the past week as it has struggled to deal with its troubled Shearson Lehman Hutton securities subsidiary.

Under pressure from intensive speculation about Shearson's financial health and future, American Express' strategy towards Shearson has been made up as it went along. Events moved at a furious pace, culminating in the decision late on Sunday to buy all remaining publicly-held Shearson shares for around $350m.

With this transaction, American Express has been forced to commit itself to a total of $1.35bn new investment in Shearson – in the short space of two months. The total injection of capital, including the sale of capital notes and voting preferred stock by Shearson to institutional investors, is around $1.7bn.

Now American Express will directly own all of Shearson except for a 13 per cent stake in the form of convertible preference shares held by Nippon Life Insurance, which the Japanese insurer is thought likely to keep for the time being.

This is a stunning reversal of American Express' long-stated aim of reducing its stake in the brokerage to below 50 per cent.

Shearson was a problem which would not go away, however much money American Express was threw at it. In December, American Express announced a $870m plan to recapitalise the brokerage which was threatened with a downgrading of its $6bn in commercial paper outstanding by Moody's Investors Service, the credit rating agency.

In a more hospitable environment, that may have been enough but conditions began to deteriorate rapidly. Paralysis in the high yield junk bond market had meant that investment banking revenues were drying up and that companies which had built a substantial market share were stuck with distressed junk holdings and illiquid bridge loans.

Shearson has about $600m in bridge loans which, in more normal conditions, would have been converted into permanent financing through the issue of junk bonds. It is also sitting on a $1bn portfolio of worrisome real estate loans.

Pressure on American Express to tackle Shearson definitively intensified after Drexel Burnham Lambert filed for bankruptcy and wound up its business in early February.

In the weeks following the Drexel bankruptcy, Shearson was beset by widespread concern in the securities industry about its financial health.

The $250m public share offering – which was a centrepiece of the December recapitalisation – was called off in January after investors had shown little interest in the stock. The $250m rights issue which was to have replaced the public offering was scrapped last Monday because of "unsettled market conditions."

At the same time, American Express announced it would pump an additional $750m of capital into Shearson. Executives at American Express acknowledged last week that the size of the injection could partly be attributed to the crisis of confidence in the securities industry and a perceived need for American Express to make a clear statement of its commitment to Shearson.

For the rest of last week, American Express was exploring a number of expressions of interest from other companies about taking stakes in the brokerage. None of these discussions came to anything.

Talks between Mr James Robinson, chairman of American Express, and Mr Sandy Weill, head of Primerica, the financial services group, and former president of American Express, broke down – as far as American Express was concerned – late last Tuesday evening. Primerica appears to have thought that the plan was still alive until Sunday, when it finally withdrew its interest.

The formula under discussion would have combined Shearson and Smith Barney Harris Upham, Primerica's retail brokerage subsidiary. American Express and Primerica would each have held 40 per cent of the combined company with 20 per cent going to other investors and employees.

The deal foundered mainly because of financial considerations, notably the price suggested.

Officials at American Express said yesterday that a buy-back of Shearson shares had been an option for some time and was pushed hard by Mr Howard Clark, the former chief financial officer at American Express, who replaced Mr Peter Cohen as Shearson's chief executive a month ago.

Throughout last week, American Express kept an open mind and explored the possibility of selling some of Shearson. Taking complete control of the securities subsidiary was a favoured fall-back position.

Now American Express has the flexibility to "fix up Shearson" – a favourite phrase of Mr Robinson – in relative privacy. It has a broad range of options.

American Express could sell off some of Shearson's operations and shift the emphasis away from the high margin investment banking business favoured by Mr Cohen, the aspiring deal maker, towards its more traditional retail brokerage focus.

It could, at a later stage, spin off part of the company, form some kind of joint venture or even sell the entire business.

Special gains help boost KNP earnings by 25%

KONINKLIJKE Nederlandse Papierfabrieken (KNP), the Dutch paper producer, reported that its 1989 net profit including extraordinary items rose 25 per cent to FL 313.6m ($162m) from the 1988 level of Fl 250.2m, AP-DJ reports.

Excluding extraordinary items, net profit rose 17.3 per cent to Fl 294.6m from the year earlier level of Fl 251.0m. The extraordinary gains included the book profit obtained from the sale of KNP Vouwkarton, and the gain in extraordinary items was partially offset by an increase of Fl 17m in provisions set aside for rationalisations.

Net sales rose to Fl 2.71bn from Fl 2.55bn in the year earlier.

Rising interest rates in 1989 more than doubled financing expenses to Fl 62.3m from Fl 24.6m in 1988. The rise in financing expenses, which were largely incurred to make acquisitions, was partially offset by a rise in income from partially-owned companies. This income rose to Fl 86.9m in 1989 from the 1988 level of Fl 65.0m.

● Bührmann-Tetterode, the Dutch packaging and distribution group, lifted 1989 net operating profit to Fl 219.2m from Fl 164.6m, Reuter reports.

The latest figures were boosted by a Fl 24.7m extraordinary gain. Net operating profit per share was Fl 6.93 against a revised Fl 6.11 in 1988.

Net turnover rose to Fl 5.1bn from Fl 4.5bn, and the dividend was raised from Fl 2.75 to Fl 2.45.

Privatbanken increases pre-tax profits by 49%

By David Lascelles, Banking Editor

PRIVATBANKEN Limited, the London offshoot of Privatbanken of Denmark, raised its pre-tax profits by 49 per cent last year from £7.7m ($12.7m) to £11.5m.

Return on equity increased from 23.1 per cent to 26 per cent and the balance sheet rose from £942m to £1.1bn.

Mr Carsten Esphavn Jensen, the chief executive, said that growth had come from the bank's dealing operations, and its commercial and private banking activities.

The bank's capital was strengthened by further injections of equity and loan capital during the year, raising total capital to £105m. A further injection of £10m is to be made in the first quarter of this year.

Privatbanken is in the process of merging with Andelsbanken and SDS Holding to form Unibank. In London, the three banks will also be merging their operations under the same name during the course of this year.

● Den norske Creditbank, the London subsidiary of the troubled Norwegian bank, made a pre-tax profit of £12.2m last year, up from £10.7m the year before. This was before a £2.9m exceptional provision against the bank's exposure to the local authority swaps market.

Mr Brian Hudson, the managing director, said the bulk of the earnings had come from the bank's lending activities, in particular to aviation and shipping. The dealing operations broke even.

Following the merger between Den norske and Bergen Bank, the two banks' London operations are to be merged with a combined balance sheet of about £1.5bn. Mr Hudson said this would make it the largest Scandinavian-owned bank in London.

ESAB reduces dividend while profits rise 46%

By Robert Taylor
in Stockholm

ESAB, the world's leading welding equipment manufacturer, reported a 46 per cent increase in its profits (after allowing for financial items) for last year, to SKr373m ($60.6m) from SKr256m.

The board proposes reducing the dividend from SKr9 a share to SKr6.50. It said that last December the number of shares was doubled by a share issue valued at SKr100 per share, which raised SKr428m in capital.

The group's invoiced sales rose in 1989 to SK5.268bn from Skr4.55bn.

Esab forecast that this year the market for welding equipment was expected to "remain on a par with that of 1989." It estimated that group sales in 1990 will total around SKr7bn and profit will be higher than that of last year.

Suchard blames reverse on $50m loss at US unit

By William Dullforce in Geneva

JACOBS SUCHARD, the Swiss chocolate and coffee group, yesterday reported a drop in 1989 consolidated net earnings to SFr275m ($181.8m) from SFr307m in the previous year. Turnover grew by 4.5 per cent to SFr6.67bn. Cash flow was down by SFr23m to SFr418m.

The board proposes to pay unchanged dividends of SFr215 per bearer share, SFr43 per registered share and SFr21.50 per participation certificate. The 1988 dividends included the 10 per cent bonus that Jacobs Suchard paid its shareholders from the SFr430m windfall it secured after its losing battle with Nestlé for control of Rowntree, the British confectioner.

The 1988 net profit of SFr307m, with which Jacobs compares its 1989 earnings, excludes the extraordinary allocation of SFr36.4m from its Rowntree windfall which took posted net earnings for 1988 to SFr343m.

Last year's profits slide was caused principally by an operating loss in the order of $50m in E.J. Brach, the US confectionery subsidiary, where Jacobs admitted last year that it had taken faulty management decisions after taking it over in 1987.

In addition, the Swiss group has been spending heavily in new markets, particularly in the Far East, where it launched its Milka brand of chocolates on the Japanese market. It has been continuing with a far-reaching re-organisation of its European chocolate business.

Jacobs Suchard said the underlying causes of the Brach problem had been identified and steps had been taken to "redirect the US business towards its original objectives."

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INTERNATIONAL COMPANIES AND FINANCE

Sime Darby first-half results climb to $104m

By Lim Siong Hoon in Kuala Lumpur

SIME DARBY, Malaysia's diversified conglomerate, has reported in its first half-year results a 24 per cent rise in pre-tax profits to 281m ringgit ($104m) in spite of sharp falls in commodity earnings.

Large gains in the group's automotive subsidiary and its Malaysian manufacturing and trading operations provided it with the financial cushion from a 48 per cent fall in commodity profits from the previous 1988 period.

Plantations gave 13 per cent to group pre-tax profits, compared with 29 per cent previously. Heavy equipment, with a share of 18 per cent compared with the previous 11 per cent, became the single biggest profit contributor.

Hong Kong and Singapore combined accounted for nearly 90 per cent of the group's overseas profits of about 89m ringgit, or 32 per cent of overall profitability. The main businesses there are construction equipment and general trade.

Group turnover rose by 19 per cent to 2.4bn ringgit, from 2bn ringgit, while profit after tax and minority interest was 27 per cent higher at 180m ringgit, or 8.3 sen (Malaysian cents) a share. This compares with the previous earnings of 103m ringgit, or 6.6 sen a share.

The group declared an interim gross dividend of 3.5 sen a share. Sime Darby expects the January-to-June group results to approximate those of the first six months.

Tractors Malaysia, the largest and most profitable of Sime Darby's subsidiaries, reported a 101 per cent jump in sales to 547m ringgit. The biggest portion came from heavy equipment where sales rose by 71 per cent to 315m ringgit.

Car sales rose 164 per cent. Better equipment sales were attributed to greater construction activity and more orders from Sarawak state where logging activity has stepped up and timber prices have doubled in the past year.

Tractors' pre-tax profit was 55m ringgit. Profit after tax and minority interest was 91 per cent higher, at 31m ringgit or 28.9 sen a share against 15.2 sen previously. Consolidated Plantations, the group's next biggest revenue earner, was jolted by a 24 per cent drop in pre-tax profit to 57m ringgit, though turnover rose by 20 per cent to 399m ringgit.

The subsidiary suffered from a 13 to 42 per cent fall in commodity prices. Rubber followed by palm oil, its two main crops, were most severely affected. Consolidated Plantations expectssecond-half results to be worse since palm oil and rubber prices are currently at 10 per cent below last year's averages and commodity production will also fall.

Profit after tax and minority interests was 29m ringgit. compared with 41m ringgit previously. Earnings a share also fell by 39 per cent to 4.1 sen.

DMIB, the group's publicly-listed rubber products manufacturer, posted a 17 per cent improvement in turnover to 145m ringgit thanks to overall better sales, particularly in tyres. Profit before tax was 11 per cent higher at 19m ringgit, but earnings were flat at 11.8m ringgit, or 3.8 sen a unit stock.

Sime UEP Properties was another big gainer, reporting an 81 per cent rise in turnover to 114m ringgit while profit before tax rose 57 per cent to 18m ringgit. Its core business is housing. Profit after tax was 12m ringgit on earnings of 3.1 sen a share, a 94 per cent gain. The publicly-quoted subsidiary has forecast significant improvement in profitability for the full 12 months.

Boral rises despite trading slowdown

By Chris Sherwell in Sydney

BORAL, the large Australian construction and building materials group, yesterday reported a 17.3 per cent improvement in half-year earnings, but the industry's current slowdown is expected to overshadow the full-year results.

The group's after-tax profits for the six months to December were A$177.9m ($135.4m), up from A$151.6m in the same period last year, while revenues climbed 18.4 per cent to A$2.15bn.

However, directors warned there were "a number of fundamental problems in the Australian building and construction industry," and current trading had slowed more rapidly than anticipated in a number of areas.

Although underlying demand for non-residential construction should continue, the demand for housing materials had eased substantially and was expected to remain subdued for the balance of the year, they said.

A geographical breakdown of the figures showed Boral's Australian operations continued to dominate, contributing A$290m out of A$328m in profits before interest and tax, and A$1.7bn out of A$2.1bn in sales. Directors called the results "most satisfactory."

North American operations showed an 18 per cent decline in profits before interest and tax to A$18m, in spite of a 38 per cent increase in sales to A$258m, chiefly because of a further decline in housing starts.

European businesses more than doubled their profits to A$18m on a 5 per cent rise in sales to A$59m, but this included a A$8m surplus on the sale of Communication and Control Engineering in the UK.

The group made a number of acquisitions during the period, including the onshore oil and gas assets of the failed Hartogen group. The A$43m purchase was made through its 85 per cent-owned Oil Company of Australia.

Overall, earnings per share rose to 21.2 cents from 20.4 cents and the company declared a fully franked interim dividend of 12 cents a share, against 10 cents previously.

On the firmer stock market Boral's share price rose 7 cents to A$3.67.

Anglovaal lifted by acquisitions

By Jim Jones in Johannesburg

ANGLOVAAL, the smallest of South Africa's five mining houses, last year lifted sales and profits in the six months to end-December helped by acquisitions and significantly higher earnings from base metals.

The interim operating profit before investment income and tax payments rose to R263.7m ($102.1m) from R228.9m and the interim pre-tax profit was R287.9m against R255.5m. Turnover increased to R3.18bn in the six months to December from R2.34bn in the corresponding period of 1988.

In the last financial year turnover totalled R4.80 bn, the year's operating profit was R475.4m and the pre-tax profit was R540.9m. A large part of the past six month's growth came from Associated Manganese, the affiliated company which produces manganese and iron ores as well as a range of ferro-alloys.

The group's gold mines were affected by comparatively flat gold prices. Industrial interests have been influenced by the slower economy as the Government's restrictive economic policies have tightened.

Sun and Oribi, the group's two main gold prospects in the Orange Free State, are still being evaluated and a decision on establishing a new gold mine is expected towards the middle of the year.

De Beers has decided to go ahead with the Venetia diamond mine on ground in the northern Transvaal which is owned by the Anglovaal group. Anglovaal will not pay for the mine's establishment and will share in its profits once the capital cost has been recouped.

The first half's earnings rose to 247 cents a share from 184 cents and the interim dividend has been lifted to 30 cents from 25 cents. The last financial year's full earnings were 427 cents and the year's dividend was 76 cents.

Hualon buys Hugin Sweda Inc

By Peter Wickenden in Taipei

THE HUALON Group, a leading listed Taiwanese conglomerate with subsidiaries in diverse industries, yesterday announced the acquisition of Hugin Sweda Inc, a US-based computer equipment retailer, for about US$50m.

This marks the first big investment by the Hualon Group in the US and gives it a US marketing network for its electronics products.

Hugin Sweda Inc is a wholly owned subsidiary of London-based Hugin Sweda. It is a leading international supplier of retail point-of-sale computer systems and terminals with annual sales of about $100m and more than 1,000 employees.

In addition to Hugin's US operation, Hualon has also acquired the group's distribution network and the right to remain in North and South America and Asia. On completion of the deal Hugin Sweda Inc will be renamed Sweda Incorporated, and will operate as a subsidiary of two companies in the Hualon Group; Chino-Excel Technology Corp (CETC) and Hualon Microelectronics Corp (HMC).

"The purchase of Sweda fits into Hualon's strategic goal of becoming a systems supplier, while providing us with an entry into the US market place," said Mr Lin Yun Hsiang, chairman of CETC and HMC.

The Hualon Group, with assets of more than $1bn and revenues of more than $3.8bn a year has interests in semiconductors, personal computers, textiles, apparel, insurance and agriculture.

Nesmal beats forecast with 16% profit gain

By Lim Siong Hoon in Kuala Lumpur

NESMAL, Nestlé's Malaysian food subsidiary which was listed in the Kuala Lumpur stock market three months ago, has announced better than expected results for the year to December.

Pre-tax profit rose by 16 per cent from a year earlier to 93m ringgit ($34m), exceeding its forecast by more than 5m ringgit. Turnover rose 19 per cent to 914m ringgit.

Its maiden profit dividend was set at 57m ringgit, or 24.1 sen (Malaysian cents) a share, compared with 21.7 sen previously. Nestlé cut its stake last year to 51 per cent.

Fletcher arranges bid finance

By Dai Hayward in Wellington

FLETCHER CHALLENGE, the New Zealand based international forestry group, is to raise the funds needed for its recent NZ$807m (US$475.1m) acquisition of UK Paper, the British paper manufacturer. An announcement on the amount and the source of the funds is expected this week.

The takeover of UK Paper was Fletcher's first big move into the European market but it will not be its last. The first priority is to expand UK Paper's production and operations. By the end of the year the company's plant at Donside, near Aberdeen, will have the capacity to produce 80,000 tonnes of coated paper a year.

Total production of the UK group is forecast at 37,000 tonnes this year and 500,000 in 1992. Fletcher is also looking to increase exports to continental Europe from the Sittingbourne mill, conveniently located for the Channel tunnel.

Fletcher believes there is considerable scope for building an export market from UK Paper. In addition to expanding exsisting production capacity Fletcher intends to acquire other compatiable activities in continental Europe. UK Paper will be used as the base for these. The company is looking for "complementary acquisitions," such as forestry operations and manufacturing plants that consume large quantities of pulp or other raw material which can be supplied by existing Fletcher operations.

Last year forestry operations provided 46 per cent of group turnover. In the June 1989 year Fletcher Challenge has an operating profit of NZ$1.5bn and a net profit of NZ$966m.

Safren hit by narrower margins

By Jim Jones in Johannesburg

SAFREN, the South African holding company with interests in shipping, transport, hotels and gambling, lifted turnover by 23 per cent in the six months to December 31 1989 but suffered from narrower margins as the South African economy slowed.

Turnover rose to R2.05bn ($793m) in the half-year from R1.66bn in the corresponding half of the last financial year. It totalled R3.81bn in the last financial year as a whole.

The interim operating profit before depreciation, interest and tax rose to R428m from R346.5m and the pre-tax profit increased to R353.4m from R276.8m. The last financial year's operating profit totalled R779.4m and the year's pre-tax profit was R613.8m.

Safmarine, the shipping subsidiary, has been affected by lower import volumes as the Government's austerity measures and credit curbs have cut consumer spending. It has also been affected by the rand's relative strength against the dollar.

The first half's earnings rose to 208 cents a share from 172 cents and the interim dividend has been lifted to 55 cents from 45 cent.

The last financial year's full earnings amounted to 404 cents and the year's dividend was 180 cents.

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GRAND CAYMAN

DIVIDEND ANNOUNCEMENT

On 2nd March, 1990 the Directors declared a dividend of US-Dollars 34.00 per share payable on 15th March, 1990 on all Participating Shares then in issue.
Holders of bearer shares should present coupon No. 9 on or after 15th March, 1990 at the office of the Administrator, *Julius Baer Bank and Trust Company Ltd., Butterfield House,* Grand Cayman. Cayman Islands, B.W.I., or at the main office of the Agents, Bank Julius Baer & Co. Ltd., Bahnhofstrasse 36, 8001 Zurich, Switzerland, or Société Bancaire Julius Baer SA Genève, 2, boulevard du Théâtre, 1204 Geneva, Switzerland.

By order of the Board
Dollar-Baer, Julius Baer
U.S. Dollar Bond Fund Ltd.

5th March, 1990

JB&B

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By order of the Board
D-Mark-Baer, Julius Baer
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5th March, 1990

INTERNATIONAL COMPANIES AND FINANCE

Motorola seeks computer revival

Louise Kehoe examines ambitious plans by Edward Staiano (left) to carve out a niche in the already competitive market for open-system networked business computers

Motorola, the US electronics and semiconductor manufacturer, is determined to transform its loss-making computer business into a new profit source. Yesterday's introduction of a range of office computers is an aggressive attempt to establish itself as a key player in the market for open-system networked business computers.

Motorola has fallen behind in computers. This is in spite of recent successes in cellular telephones, where it has become the world's leading equipment supplier with sales last year of about $1.5bn, and its growth in semiconductors, where it has established itself as the top US merchant market supplier.

According to industry analysts the company had estimated computer sales of about $300m in 1989, and has not turned in a profit on computers since 1984.

Motorola entered the computer market in 1982 through the acquisition of Four-Phase Systems, a minicomputer manufacturer. Mr Edward Staiano, president of Motorola's General Systems sector, acknowledges: "Four-Phase was not in very good shape and we definitely managed it down hill."

He adds that four years ago Motorola even considered dropping out of the computer market, but the company decided that the trend toward "open systems" based on standard components and operating systems would play to its strengths.

"We recognised that our microprocessors represented a distinctive competence that set us apart."

The new Motorola computers are based on the company's latest high-performance reduced instruction set computer (Risc) chip, called the 88000.

Chips are only one of the essential elements of a computer product, however, and Motorola has had to focus on bolstering the software and service side.

"We feel we have made enough progress in software and support to tell the world that we are in the computer business," says Mr Staiano.

Motorola aims to carve out a share in the already crowded market for computer network "servers," or machines that provide computing power to groups of networked workstations and personal computers.

Among the many competitors that Motorola will face in this market is IBM, which last month unveiled a new family of Risc-based workstations and servers.

"Our products are equal to or better in performance than IBM's servers and 35 per cent cheaper," Mr Staiano boasts. Even with its lower prices, Motorola can achieve gross margins of 40 per cent, he claims.

A key element of Motorola's strategy is to drive down production costs, just as it has in its cellular telephone business.

Mr Staiano says: "You have to reduce costs drastically, while constantly improving quality."

He is determined to make Motorola the lowest-cost producer in the server segment of the computer industry

Motorola aims to bring the aggressive competitiveness that it has learned from other markets to its efforts in computers. Its product launch will be backed with a $30m advertising campaign.

However, the company has a poor record in the computer business and analysts remain sceptical. They note the group is approaching the computer market as a low-cost "box" seller while many of its competitors are moving toward "solution selling," offering turnkey systems with software applications.

Motorola also faces the challenge of establishing its own name in computers. Previously most of its sales have been to other computer companies that relabel its products.

Before it can rightfully claim a place in the increasingly competitive computer market, Motorola will have to round out its product line and establish stronger ties with software developers and systems integrators who play a key role in the success of computer producers.

As it does so, however, the company runs the risk of upsetting some of its best customers – computer manufacturers who buy Motorola chips.

Bolar to lay off staff and halt most operations temporarily

By Karen Zagor in New York

BOLAR Pharmaceutical, the US generic manufacturer which was once the darling of the stock market before allegations that the company had falsified lab-test results, yesterday said it was temporarily closing most of its manufacturing, packaging and shipping operations. It is also laying off 117 employees, out of a workforce of 336.

The New York-based company was forced to recall most of its products in January after investigations by the Food and Drug Administration (FDA) led Bolar to admit that it had used false documents in FDA filings. Bolar's shipments have been essentially frozen since February 7.

The decision to halt operations and lay off workers comes in the middle of a FDA audit of 64 of Bolar's drugs. Production and shipments of the drugs will be suspended for the duration of the audit. Bolar said it was impossible "at this time to forecast the duration of the marketing suspensions."

Mr David Saks, senior vice president and drug analyst at Wedbush Morgan Securities in New York, said: "This is a sign that Bolar's management has not been stunned by the recent developments and is acting rationally and correctly."

Bolar said satisfactory completion of the audits would, in certain cases, require corrective measures. It added there were no guarantees that all of its drugs would return to the market following the audits.

In addition to the FDA investigations, Bolar is facing a Securities and Exchange Commission (SEC) suit for failing to notify investors promptly about the suspension of its drugs delivery in February. Bolar is also being sued by KV Pharmaceutical, which wants to end a joint venture between the two companies.

In a separate announcement, Bolar said its board had authorised repurchases of up to 2m of common shares in the open market. Although there was no assurance about the amount or timing of the buy-backs, the move was seen as a vote of confidence in the value of the company's shares.

At midday yesterday in New York, Bolar shares were changing hands at $5¾, up $¾ from Friday's close. According to Mr Saks, the company's assets are worth about $10 a share, with two joint venture stakes bringing the total value up to $15 a share.

The company's lack of debt puts it in a relatively strong position, given the circumstances.

However, Mr Saks believes there is more litigation to come and that Bolar may be forced to file for protection under Chapter 11 of the bankruptcy code.

Campeau wins loan reprieve

By Bernard Simon in Toronto

TWO LEADING creditors of Campeau Corp have given the troubled Canadian real estate and retailing group an extra week to meet deadlines for interest payments on their loans while the parties continue work on restructuring plans.

Campeau said yesterday that Olympia & York Developments, the real estate developer controlled by Toronto's Reichmann family, and Edward J DeBartolo Corp, the US shopping mall developer, had agreed not to take any action before March 7 on the payment of interest due last week.

A Campeau official said the total amount of interest involved was about US$5m. It consists of one month's interest on two loans, totalling $225m, provided by O&Y to Campeau's US retail unit, Federated Stores; and interest on the $480m in loans advanced by DeBartolo to Federated, guaranteed by Campeau.

Debt-burdened Federated filed for protection from its creditors in January under Chapter 11 of the US bankruptcy code. Campeau said it was working with its two creditors "to agree on a mutually acceptable plan regarding the continued operation of Campeau Corp."

The official said details of some "technical" agreements between the parties would probably be released tomorrow but that it would be at least several weeks before the full business plan was adopted.

The restructuring is likely to cement the influence of O&Y and other creditors in running the company.

O&Y has several financial links with Campeau, besides the loans to Federated. It owns 10 per cent of the company's equity and holds two series of Campeau debentures with a face value of $300m.

Greyhound strike violence erupts

By Roderick Oram in New York

GREYHOUND LINES, the only nationwide US bus network, and its striking employees are drawing bloody battle lines in a contract dispute disrupting lives in thousands of communities across the country.

Strapped for cash and burdened by debt since an investor group bought it for $350m in 1987, Greyhound has offered only small wage increases to 9,000 unionised drivers, mechanics and ticket clerks. The members of the Amalgamated Transit Union rejected the offer and struck on Saturday.

The Dallas-based company says it has managed to run up to 30 per cent of its normal schedule using about 700 newly hired drivers and hundreds of union members who have crossed picket lines. The union says that the company has grossly exaggerated both claims.

Employees who have struck have forfeited their jobs, the company adds.

Violence has erupted at Greyhound terminals in several cities. In Redding, California, a picketing driver was killed by a bus driven by a newly hired employee. In Chicago several passengers were slightly hurt from broken glass when a sniper fired at a bus and others in Philadelphia were hurt when stones broke a bus window.

The deep hostility is a sign the strike could be as long and bitter as the 47-day dispute which severely disrupted Greyhound in 1983. With unhappy labour relations dogging the company after the strike and stiff competition from airlines passenger volume dropped by a third.

The financial pressures ultimately persuaded Greyhound, the diversified manufacturing and consumer products group, to sell the company to a group of investors led by Mr Fred Currey, a Dallas businessman.

Greyhound bus employees had taken a 25 per cent pay cut shortly before Mr Currey's leveraged buy-out of the company. Before the strike the company said the best it could afford was, for example, a 13 per cent pay increase for drivers with more than three years' service. Drivers earned an average of $24,743 last year.

Strikers are also worried that Mr Currey's plans to license some of its less busy routes to small bus companies will result in 2,000 job losses.

Minorco's $705m deal reappraised by analysts

By Kenneth Gooding, Mining Correspondent

ANALYSTS are changing their minds about the $705m offer price Minorco, the South African controlled investment group, has made for Freeport McMoRan Gold, now that the formal document has been issued.

Initially the price, $17 a share and representing a 20 per cent premium on the previous market price and 55 times Freeport Gold's historic net earnings, appeared to be astronomical. However, the tender document reveals previously confidential Freeport Gold earnings projections and geological resources.

The company has 2.54m troy ounces of gold in proven and probable reserves and 2.92m ounces classified as geologic resource.

Mr Emil Moffett, of Smith New Court, says: "The purchase price of $278 an ounce of proven and probable reserves looks high. But considering the size of geologic resource, a figure of $129 an ounce for in situ gold looks far less expensive."

Freeport Gold also projects its net income will be $30m in 1990. This is based on an important assumption – that the price of gold will average $420 an ounce. So far this year the price has failed to break conclusively above $420.

However, "the prospective price-earnings multiple is 23.5 times 1990 forecast earnings, not out of line with current market ratios. If gold averages $450 an ounce this year the p/e is 16," adds Mr Moffett.

The mining team at the Laing & Cruikshank also concludes that "Minorco is paying a high, but not unreasonable price for Freeport Gold."

BP Canada advances to C$13.9m

BP CANADA lifted net profit for 1989 to C$13.9m (US$11.68m) or 28 cents a share, up from C$10.3m or 20 cents the previous year. Revenues for the period advanced to C$371m from C$331m, Robert Gibbens writes from Montreal.

The improvement came after a weak fourth quarter in which the company suffered a loss of $5m or 10 cents a share, reflecting problems with the new Hope Brook gold mine in Newfoundland, where the ore transport system had to be replaced.

Hope Brook lost C$7.8m in the fourth quarter and C$14.5m for all of 1989, but the mine met production targets in December.

Creditanstalt is pleased to announce the acquisition of Hoguet Keller Wittman & Co., hereafter to be known as Creditanstalt International Advisers, Inc. The firm specializes in cross-border mergers and acquisitions and investment advisory services.

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January 1990

مكتبة الأصل

INTERNATIONAL CAPITAL MARKETS

Bundesbahn auction marks step towards liberalisation

By Katharine Campbell in Frankfurt

THE Bundesbahn's planned US-style auction of floating rate D-Mark securities marks another important step forward in the liberalisation of Germany's capital markets.

Following the Federal Railway's move, bankers expect an issue for the federal Government itself before long.

Moreover, Germany largely lacks a domestic money market, and these floating-rate notes, for the first time free of German turnover tax, signal a significant advance in that area too.

A US-style auction represents a departure from the antiquated method of placing domestic public sector debt, which is ill-suited to the needs of international investors. A handful of domestic banks within the established consortium that places paper according to fixed quotas have until now been a powerful lobby against change.

However, the Bundesbank is now keen that the federal government experiment with some auction-style issuing methods. Last week's issue shows changes are afoot.

With the prospect that the costs of reconstruction in East Germany will considerably inflate the Bund's borrowing requirements, the need for an efficient method of raising government finance is now even greater. The prospect of increased volumes might ease the pain of abolishing the lucrative commissions available in the current arrangement.

The advantage of the consortium, placing paper for the Bund, the Bundesbahn and the Bundespost, is that it assures the orderly placing of bonds – but largely with the small investor in mind. Institutional investors find all sorts of aspects of the process tedious. Moreover, foreign banks, first admitted in 1986, and then only cautiously, dislike the system because they say their placing power vastly exceeds their minute quotas.

The Bundesbank is known to have submitted proposals to the Ministry of Finance advocating elements of the auction technique, but has received no formal response. Government concerns lie with the relative unpredictability of an auction, where the market will bid for less in inclement conditions.

Samsung plans $75m issue

By John Ridding in Seoul

SAMSUNG Electronics, South Korea's largest electronic manufacturer, is to issue $75m of bonds with equity warrants to finance a new factory in Malaysia and the expansion of its semi conductor division.

The issue, to be launched next week, is the latest in a flurry of new Euromarket issues by South Korean companies which has prompted a steady decline in premiums. However, Samsung Electronics' existing convertible bond, the first to be issued by a Korean company, still enjoys a premium of almost 70 per cent.

In spite of the slump in the Korean sector of the Euromarket, the new issue is expected to be aggressively priced. Many analysts believe the issue will be the first by a Korean company to have a zero coupon and that the exercise premium will be over 100 per cent.

After the issue, lead managed by Baring Brothers, Tong Yang Securities and Nomura Securities, the warrants will be split off from the bonds. They will be transferable into Samsung shares, probably from 1991. The South Korean stock market is due to open to foreign investors in 1992.

Over the past year, Samsung has overtaken Goldstar as South Korea's largest electronics producer. In 1989, total sales were Won4,120bn ($6.06bn) an increase of 32 per cent over the previous year. Net profits were Won158.5bn, an increase of 56 per cent.

The improved performance reflects the merger of Samsung Electronics with Samsung semiconductors and Telecommunications, another member of the Samsung group. Excluding the effects of the merger, the increases in sales and net profit were 5 per cent and 34.6 per cent respectively.

Last year's performance also benefited from severe labour disputes at Goldstar and from a strong market for semiconductors. The domestic market also showed strong growth and this helped offset a slowdown in exports caused by the appreciation of the won and slowing demand in leading markets.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on March 5

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 8⅝ 96	750	96⅛	96⅜	0	-0¼	9.31
Alberta 9⅞ 95	600	100¼	100⅝	0	-0¼	9.26
Austria 9⅝ 93	140	†101⅜	101⅞	+0⅛	-0¼	8.98
B.F.C.E. 8⅞ 94	175	96⅞	97¼	-0⅛	-0½	9.20
B.F.C.E. 9⅛ 95	150	†99⅞	100¼	+0⅛	-0¼	9.23
Brit. Tel. Fin. 9⅜ 98	250	†99⅞	99⅞	+0⅛	-0⅜	9.42
Canada 9 96	1000	†99⅞	100⅜	0	-0⅜	8.97
C.C.C.E 9¼ 95	300	†99⅞	100¼	-0⅛	-0½	9.25
Cr.Local France 8⅞ 99	250	96⅛	96⅞	0	-0¼	9.43
Credit National 7⅞ 92	100	†96⅜	97¼	+0⅛	-0⅛	8.96
Credit National 9½ 92	160	*100¼	100⅞	0	-0⅛	9.16
Denmark 8¼ 94	150	†95⅞	96⅛	+0⅛	-0¼	9.35
E.E.C. 7 92	100	†96⅞	97⅞	+0⅛	+0⅛	8.81
E.E.C. 10 93	140	†102¼	102⅞	+0⅛	-0⅛	9.07
E.I.B. 8⅞ 99	150	94⅞	95⅛	+0⅛	-0⅛	9.29
Eurofima 10⅛ 93	100	†102¼	102⅞	+0⅛	-0⅛	9.19
Elec. De France 9⅞ 99	200	†100⅞	101⅛	0	0	9.33
Euro.Credit Card Tst 9 95	250	98	98⅞	—	—	8.71
Finland 9 96	250	†98⅞	98⅞	[illegible]	[illegible]	9.26
Fin.Exp.Cd. 8⅝ 92	200	†98⅞	99⅛	+0⅛	-0⅛	9.12
Fin. Exp. Cd. 9⅞ 95	200	†100	100⅜	+0⅛	-0⅛	9.29
Ford Motor Credit 8 91	250	†98⅞	99⅛	0	0	9.02
Gen.Elec.Cap.Crp.10 1/2 92	300	101⅞	102⅛	+0⅛	+0⅛	8.92
G.M.A.C. 8⅞ 94	500	†96½	97	-0⅛	-0⅛	9.61
G.M.A.C. 9 96	300	†97½	98	+0⅛	+0⅛	9.47
Gen.Mtrs.Corp. 9⅝ 92	200	†99½	100	+0⅛	0	9.26
Honda 9⅝ 97	300	99⅝	99⅞	—	—	9.72
IBM Credit Corp. 8⅝ 92	400	99	99⅜	0	-0⅛	8.97
IBM Credit Corp. 8⅞ 91	250	*99⅜	99⅞	0	-0⅛	9.15
IBM Credit Corp. 9 92	250	†99⅞	100⅛	+0⅛	-0⅛	8.95
IBM Credit Corp. 9½ 92	250	100⅝	101⅛	0	-0⅛	8.99
Italy 8½ 94	1500	97⅛	97½	-0⅛	-0½	9.20
Italy 9¼ 95	1000	†100⅞	101⅛	-0⅛	-0⅛	9.25
Italy 9⅝ 99	1000	†101⅛	101⅜	0	-0⅛	9.39
Itoh C. W/W 4⅞ 94	2000	†101⅜	103	+0⅞	+1⅛	4.04
Japan Dev. Bank 10 96	200	†102⅞	103⅛	0	-0⅛	9.32
KFW Intl. Fin. 9 94	300	†99	99½	+0⅛	-0⅛	9.18
L.T.C.B. of Japan 8⅞ 96	200	†96⅛	96⅞	+0⅛	-0⅛	9.50
L.T.C.B. of Japan 9⅞ 92	200	*99⅞	99⅞	0	-0⅛	9.37
New Zealand 9 94	850	98⅞	98⅞	-0⅛	-0⅛	9.40
Nippon Tel.&Tel. 8⅞ 96	200	95⅞	96⅛	+0⅛	-0⅛	9.33
Nippon Tel.&Tel. 9⅞ 98	250	99⅞	100⅛	+0⅛	-0⅛	9.36
Norway 8⅞ 93	500	*99⅞	99⅞	0	-0⅛	9.00
Oesters Kontbk. 9⅞ 94	350	†99⅞	100⅛	-0⅛	-0⅛	9.45
Sumitomo Corp. W/W 4 93	1500	†107	108⅛	+0⅛	+1⅛	1.58
Sweden 8⅞ 96	200	98	98⅞	-0⅛	-0⅛	9.16
Toyota Mtr.Corp. W/W 4 93	1500	†101	102⅛	+0⅛	+2⅛	3.42
Victorian Rep 11⅞ 92	150	104	104⅛	0	-0⅛	9.32
Union Bk. Switz. 9⅛ 02	225	97⅞	97⅞	—	—	8.12
World Bank 8⅞ 99	1500	96	96⅛	+0⅛	-0⅛	8.94
World Bank 9 97	300	†98⅞	99⅞	0	-0⅛	9.15
World Bank 9 93	300	†100⅛	100⅛	+0⅛	-0⅛	8.83
World Bank 9⅞ 98	300	99⅞	100	-0⅛	-0⅛	9.28
World Bank 9⅝ 99	500	101⅞	102⅛	-0⅛	-0⅛	9.30
World Bank 9⅞ 96	300	†102⅛	102⅞	-0⅛	-0⅛	9.24

Average price change... On day +0 on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	87	87½	+0⅛	+0⅛	9.42
Austria 6⅛ 99	750	†85	85⅛	+0⅛	-0⅛	9.23
Bk.Frgn.Econ.USSR 7 96	750	*†85½	85½	0	0	10.33
Bank of Tokyo 5⅞ 93	100	90⅞	91⅛	+0½	+0⅛	9.34
Commerzbank o/s. 5⅞ 93	300	90½	91	+0⅛	+0⅛	9.20
Credit Foncier 6⅛ 99	500	†84	84½	0	-0⅛	10.52
E.I.B. 6⅛ 99	600	82⅛	82⅞	+0⅛	-0⅛	9.21
E.I.B. 6½ 99	300	†83⅞	84⅛	-0⅛	+0⅛	9.18
E.I.B. 6⅝ 96	600	88⅞	89⅛	+0⅛	-0⅛	9.04
E.I.B. 6⅞ 95	300	89½	90	+0⅞	+0⅛	9.25
E.I.B. 8 2000	500	94½	95	+0⅛	-0⅛	8.81
Euro.Coal & Steel 7⅛ 94	100	†97⅛	97⅞	-0⅛	-0½	8.39
Eurofima 6⅛ 96	100	85	85½	+0⅛	-0⅞	9.45
Elec De France 5⅞ 97	300	80½	81	0	-0⅛	9.52
Hydro-Quebec 6⅛ 99	300	†83⅛	84⅛	+0⅛	-0⅛	9.45
Japan Dev. Bk. 5⅞ 95	300	†84	84½	-0⅛	+0⅛	9.36
Japan Finance 5⅞ 97	100	81½	82	0	+0⅛	9.44
I.A.D.B. 7⅛ 99	300	87½	87⅞	+0⅛	-1	9.28
Ireland 6½ 97	300	85	85⅛	0	0	9.42
Ireland 7⅛ 99	500	86½	87	0	+0½	9.44
Malaysia 6⅛ 94	150	91⅞	92⅛	0	-2⅛	8.52
Nat. West BK. PLC 6 98	300	†81⅛	81⅞	0	+0⅛	9.33
Nippon Telg.&Tel. 6 95	400	†86⅛	86⅞	+0⅛	+0½	9.28
Oesterr. Kontbk. 5 93	300	89½	90	+0⅛	0	9.17
Portugal 5⅞ 92	150	91⅞	92⅛	+0⅞	+0⅛	9.59
Portugal 6⅝ 95	150	88	88½	+0⅛	-0½	9.48
Royal Insurance 5½ 92	300	93⅛	93⅞	+0½	+1⅛	9.02
Turkey 6½ 95	500	†87⅛	87⅞	0	-0½	9.67
Union Bk.Finland 5½ 94	200	†86⅞	87⅛	-0½	-1	9.67
World Bank 6 98	500	†81⅛	81½	0	+0½	9.21
World BK. 6⅛ 97	600	83⅞	84⅛	0	-0½	11.12
World Bank 6⅛ 99	600	84⅛	84⅝	-0⅛	-1	9.30

Average price change... On day +0⅛ on week -0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†84½	85	0	-0⅛	8.14
Asfinag 5 03	100	†80	80⅛	-0⅛	-0⅞	7.37
B.F.C.E. 4½ 98	200	†82⅞	83	-0⅛	-0⅛	7.30
B.M.W.Fin.Neth. 5 13	150	†73	74	0	-0⅛	7.43
Britannia B/S. 4⅛ 94	100	†85	86	+0⅛	+0½	8.42
CIR. Int. W/W 3 93	125	†83	83⅛	0	-0⅛	9.01
Credit Lyonnais 4⅞ 00	100	†78	79	0	-0½	7.88
E.I.B 4⅝ 98	150	†82	83	-0⅛	-0⅛	7.53
Fien. Exp. Cd. 8⅛ 92	75	†96	97	-0⅛	-1⅛	9.81
Fletcher Chall. 4⅞ 98	150	†74½	75½	0	+0⅛	9.42
I.A.D.B. 6 2004	200	†89	89⅛	+0⅛	+0⅛	7.23
Kobe City 4⅝ 98	150	†82½	83½	0	+0½	7.42
Leeds Perm. B/S. 4⅛ 95	200	†86⅞	89	+0⅞	+2⅞	8.73
Malaysia 5⅛ 98	100	†80⅛	81	+0⅞	+4⅛	8.54
Maxwell Comm.Crp. 5 95	150	†80½	81	0	+0⅛	9.83
Nat. Bk. Hungary 5½ 94	75	†84	85	0	+2⅞	9.68
Nationwide Ang.B/S. 4 93	200	†86½	87	-0⅞	-0⅛	8.81
Prov. Newfoundland 5 03	150	†80	81	+1	+2⅛	7.28
Thailand 4⅝ 95	200	†80⅛	81	-0⅛	-1⅛	9.31
World Bank 5 03	150	†81½	81⅞	-0⅛	+0½	7.17

Average price change... On day 0 on week +0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6¼ 91	80	98⅞	99⅛	0	-0¼	0.07
Canada 5⅝ 93	80	95⅞	96	+0⅛	-0⅛	7.02
Cr.Local France 6¼ 94	300	95⅞	96⅛	0	-0⅛	6.63
Denmark 6¼ 95	300	95⅞	96	+0⅛	-0⅛	6.64
E.I.B. 4⅞ 93	30	94⅞	94⅞	+0⅛	-0¼	6.97
Norway 5⅞ 95	50	92⅞	92⅞	+0⅛	-0⅛	6.98
Sweden 4⅞ 93	50	93⅛	93½	+0⅛	-0¼	7.00
World Bank 5⅛ 98	10	87⅞	88⅛	+0⅛	-0⅜	7.14
World Bank 7 94	20	100⅛	100⅝	+0⅛	-0½	6.88

Average price change... On day +0⅛ on week -0½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10⅛ 94 C$	150	92¼	93	+0¼	-0⅜	12.45
Abbey Nat. 11⅞ 93 £	100	92⅞	93	-0⅛	-1⅞	14.90
Aegon 7⅛ 92 Fl	100	98	98½	0	0	8.05
Alg. Bk. Ned. 5⅞ 93 Fl	200	91⅛	91⅝	0	0	9.13
Austria 7½ 94 ECU	100	89	89½	0	-0⅛	10.91
Barclays [illegible] 13⅝ 91 A$	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium 8⅞ 94 Ecu	150	90⅛	90⅞	+0⅜	-1⅛	11.21
Bell Canada 10⅞ 04 C$	200	92⅞	93⅞	+0⅛	-0⅛	11.89
BP Capital 9⅞ 93 £	100	88⅞	88⅞	-0⅛	-1⅛	14.65
British Airways 10 98 £	100	82⅞	82⅞	-1	-2⅛	13.37
Brit. Telecom 9½ 93 £	150	†88⅞	89⅛	-0⅞	-0⅞	14.28
Comm. Bk. Aust. 12⅞ 93 A$	100	†92⅞	93⅛	-0⅞	-1⅞	15.53
Comm. Bk. Aus. 13⅞ 94 NZ$	60	101⅛	102¼	0	-0⅛	13.18
Credit Foncier 9 96 Ecu	100	90⅞	91⅛	0	-0⅛	11.02
Cr.Local France 9⅞ 92 Ecu	100	96⅛	97¼	0	0	10.75
Dent. Bk. Aus. 13⅞ 93 A$	125	96⅛	96⅞	-0⅛	-0⅞	14.59
Deutsche Bk. Fin. 15 94 A$	100	100½	100⅝	-0⅛	-0⅛	14.83
Elec. De France 9⅞ 99 C$	150	88⅛	88⅝	+0⅛	-0⅛	11.82
E.I.B. 7 96 LFr	100	†93⅛	93⅞	+0⅛	+1	8.44
E.I.B. 7½ 99 Fl	150	87⅛	87⅞	0	-0⅛	9.14
E.I.B. 9 99 Ecu	150	†90	90½	0	-0⅛	10.72
Eurofima 7⅛ 94 Ecu	100	89⅞	89⅞	+0⅛	-0⅛	11.05
Fed.Bus.Dv.Bk. 9 94 Ecu	100	†92⅞	93⅛	+0½	-0⅛	11.14
Fed.Bus.Dv.Bk. 9⅞ 92 C$	75	†94⅞	95⅛	+0⅛	-0⅛	12.44
Ford Cr.Can. 10⅞ 93 C$	100	†96	96½	+0½	0	12.35
Ford Cred.Can. 10⅞ 96 C$	125	93⅞	94⅛	+0⅛	-0⅛	12.34
Ford Cred. Fund. 10⅛ 93 £	60	90⅛	90⅞	0	-0⅞	14.23
G.M.A.C. Canada 11 3/4 94 C$	100	97⅛	97⅞	+0⅛	-0⅞	12.58
Heineken 7⅞ 94 Fl	150	†95½	96	0	-0⅛	8.13
Hydro-Quebec 11 99 C$	400	94½	95	+0⅛	-0⅞	11.98
Lloyds Bank 10⅛ 98 £	150	83⅛	83⅞	-0⅛	-1⅞	13.77
Lloyds Bank 11⅞ 98 £	100	†88⅞	90⅛	0	-0½	13.43
Nat. Aus. Bk. 14⅛ 94 A$	100	98⅞	99	-0⅛	-1⅛	15.18
New Zealand 9½ 93 £	100	87⅞	88⅛	-0½	-1⅛	14.47
O.E.K.B. 10⅞ 99 C$	150	90⅞	91⅛	+0⅛	-1	11.89
Royal Bk.Scot. 10⅞ 98 £	125	85	85⅞	-1	-2⅛	13.84
Saskatchewan 10⅛ 93 C$	200	93⅞	94⅛	+0⅛	-0⅞	12.33
State Bk. NSW. 13⅞ 93 A$	100	96½	97	-0½	-1⅛	15.00
Sweden 7½ 93 Ecu	250	89⅞	89⅞	0	-0⅛	11.04
Sweden 15 94 A$	100	100⅛	100⅝	-0½	-0⅞	14.86
Toyota Mtr.Cr. 10⅞ 94 C$	150	93⅛	93½	+0⅛	-0⅞	12.29
Toyota Mtr.Cr. 11⅞ 92 C$	150	97⅛	97⅞	+0⅛	-0½	12.60
World Bank 7⅛ 99 Fl	300	87⅛	87⅞	0	-0½	9.20
World Bank 9½ 95 Ecu	100	95⅞	96⅛	—	—	-0.12
World Bank 10⅞ 94 £	200	90⅞	91⅛	-0⅛	-1½	13.65
World Bank 13⅞ 92 A$	100	97⅛	97½	-0⅛	-1⅛	14.71
World Bank 14⅛ 94 A$	75	98⅞	99⅛	-0⅛	-1⅛	14.53
Zentrspk. 13⅛ 93 A$	75	†96½	97	-0½	-0⅞	14.40

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.86	99.91	24/04	15.33
Bank of Greece 99 US	†0⅛	99.04	99.14	8/03	9⅛
Belgium 91 US	0	100.08	100.19	21/08	8.32
Chelt.& Gloucester 94 £	.063	99.74	99.79	31/05	15⅛
Credit Foncier 98 US	.063	99.75	99.85	20/04	8.31
Dresdner Finance 99 DM	†.031	100.33	100.43	28/04	6.97
EEC 3 92 DM	10	100.46	100.56	21/08	9
Halifax BS 94 £	1	99.96	100.01	9/05	15.22
Invt. in Industry 94 £	0⅛	99.94	100.04	17/04	15½
Leeds Perm. B/S. 94 £	0⅛	100.05	100.10	17/04	15.37
Milk Mkt.Brd. 5 93 £	0⅛	99.90	99.95	29/03	15⅛
New Zealand 5 97 £	.07	99.97	100.07	22/05	15.06
Northern Rock 92 £	0½	99.81	99.86	30/04	15.18
State Bk. New. 98 US	.188	99.95	100.06	14/08	8.56
Woolwich Equit. BS. 93 £	0⅛	99.99	100.04	17/04	15.37
Woolwich 5 95 £	0⅛	99.95	100.00	22/05	15⅛

Average price change... On day -0.01 on week +0.00

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6⅛ 02 US	8/87	62.	111⅛	112⅛	+1⅛	4.45
Amer. Brands 7⅞ 02 US	9/87	56.7	113⅝	114⅝	+0⅛	1.70
Asda 4⅛ 02 £	3/87	1.64	100⅛	101⅛	-0⅛	52.34
CBS. Inc. 5 02 US	4/87	200.	97	98	+0⅛	7.88
Dai-Ichi Kan. 3⅞ 04 US	7/89	3486.	78⅛	79⅛	-0½	5.73
Daiwa Bank 3⅛ 95 US	2/90	1628.	91	92	-0⅛	1.14
Primerica 5½ 02 US	4/87	66.75	70½	71½	-0⅛	76.31
Eng.China Clay 6½ 03 £	9/88	4.8	82⅛	83⅛	-0½	4.96
Fujitsu 3 99 US	5/84	1106.	200⅛	201⅞	-3⅞	-2.47
Ladbroke Grp. 5⅛ 04 £	6/89	3.55	96½	97½	+0⅞	15.94
Land Secs. 6⅛ 02 £	6/87	6.72	79⅛	80⅛	-0⅛	12.35
Minolta Camera 2⅛ 94 DM	12/86	1004.	98	99½	-0⅛	8.55
MCA Inc 5⅛ 02 US	†9/87	69.62	93½	94⅛	+0⅞	16.87
Mitsubishi Bk. 3½ 04 US	5/89	3266.	75⅛	76⅞	+0⅛	7.33
Next Plc 5⅛ 03 £	11/87	4.3	[illegible]	96⅛	0	292.63
[illegible] 2⅞ 03 US	4/88	804.	150	151	+1⅛	-5.47
Omnicom Inc. 6 1/2% 04 US	10/89	28.	101⅞	102⅞	+0⅛	23.29
[illegible] 2⅞ 02 US	1/87	1318.	250	251	-1⅛	-4.98
[illegible] 4⅛ 03 £	1/88	3.5	112½	113½	+0⅛	8.89
Redland 7⅛ 02 £	1/87	5.4	101⅞	102⅞	+0⅛	3.98
Saatchi&Saatchi 6⅛ 03 £	10/88	4.41	60	61	0	81.58
Silicon Graphics 8 04 US	6/89	23.18	136⅛	137⅞	+1⅛	-0.85
Sumitomo Bank 3⅛ 04 US	2/89	3887.	73⅞	74⅞	-1	14.82
Texas Inst. 2⅞ 02 US	9/87	82.87	75⅞	76⅞	+0⅛	23.13
Utd.N'papers 8 04 £	†10/89	8.77	123⅛	124⅞	-1	201.87
W.R. Grace 6⅛ 02 US	9/87	42.12	88⅞	89⅞	-0⅛	27.48

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, March 5, 1990 . In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	60.5552	35.5416	40.4276
Albania	(Lek)	9.9805	6.0893	3.5740	4.0653
Algeria	(Dinar)	13.045	7.9591	4.6714	5.3136
Andorra	(Fr Fr)	9.4325	5.7550	3.3777	3.8421
	(Sp Peseta)	179.50	109.5179	64.2793	73.1160
Angola	(Kwanza)	51.6755u	30.0412	18.5051	21.0490
Antigua	(E Carr $)	4.440	2.7089	1.5899	1.8085
Argentina	(Austral)	8921.15	5443.0445	3194.6821	3633.8696
Aruba	(Florin)	2.9437	1.7960	1.0541	1.1990
Australia	(Aus $)	2.1730	1.3258	0.7781	0.8851
Austria	(Schilling)	19.645	11.9859	7.0349	8.0020
Azores	(Port Escudo)	244.80	149.3593	87.6633	99.7148
Bahamas	(Bahama $)	1.6390	1	0.5869	0.6676
Bahrain	(Dinar)	0.6206	0.3786	0.2222	0.2527
Balearic Is	(Sp Peseta)	179.50	109.5179	64.2793	73.1160
Bangladesh	(Taka)	51.00	31.1165	18.2632	20.7739
Barbados	(Barb $)	3.3076	2.0180	1.1844	1.3472
Belgium	(Belg Fr)	58.00	35.3874	20.7699	23.6252
Belize	(B $)	3.289	2.0067	1.1777	1.3397
Benin	(CFA Fr)	471.625	287.7516	168.8898	192.1079
Bermuda	(Bermudian $)	1.6390	1	0.5869	0.6676
Bhutan	(Ngultrum)	27.60	16.8395	9.8836	11.2423
Bolivia	(Boliviano)	5.0157	3.0602	1.7961	2.0430
Botswana	(Pula)	3.0850	1.8822	1.1047	1.2566
Brazil	(Cruzado)	51.4643	31.3998	18.4294	20.9630
British Virgin Is	(US $)	1.6390	1	0.5869	0.6676
Brunei	(Brunei $)	3.0813	1.8799	1.1034	1.2551
Bulgaria	(Lev)	1.3565	0.8276	0.4857	0.5525
Burkino Faso	(CFA Fr)	471.625	287.7516	168.8898	192.1079
Burma	(Kyat)	10.7780	6.5759	3.8596	4.3902
Burundi	(Burundi Fr)	295.50	180.2928	105.8191	120.3665
Cambodia	(Riel)	355.54u	218	127.3196	144.8228
Cameroon	(CFA Fr)	471.625	287.7516	168.8898	192.1079
Canada	(Canadian $)	1.9540	1.1921	0.6997	0.7959
Canary Is	(Sp Peseta)	179.50	109.5179	64.2793	73.1160
Cp. Verde	(CV Escudo)	118.86	72.5198	42.5640	48.4154
Cayman Is	(CI $)	1.3649u	0.8285	0.4887	0.5559
Cent. Afr. Rep	(CFA Fr)	471.625	287.7516	168.8898	192.1079
Chad	(CFA Fr)	471.625	287.7516	168.8898	192.1079
Chile	(Chilean Peso)	480.50	293.1665	172.0680	195.7230
China	(Renminbi Yuan)	7.7821	4.7480	2.7867	3.1698
Colombia	(Col Peso)	746.90	455.7046	267.4664	304.2362
Comoros	(CFA Fr)	471.625	287.7516	168.8898	192.1079
Congo (Brazz)	(CFA Fr)	471.625	287.7516	168.8898	192.1079
Costa Rica	(Colon)	139.9469	85.3855	50.1152	57.0048
Côte d'Ivoire	(CFA Fr)	471.625	287.7516	168.8898	192.1079
Cuba	(Cuban Peso)	1.3103	0.7994	0.4692	0.5337
Cyprus	(Cyprus £)	0.7825	0.4774	0.2802	0.3187
Czechoslovakia	(Koruna)	28.30c	17.2666	10.1342	11.5274
		66.60t	40.6345	23.8495	27.1283
Denmark	(Danish Kroner)	10.7150	6.5375	3.8370	4.3645
Djibouti Rep	(Djib Fr)	291.00	177.5472	104.2076	118.5336
Dominica	(E Carrib $)	4.440	2.7089	1.5899	1.8085
Dominican Rep	(D Peso)	13.8592	8.4558	4.9630	5.6452
Ecuador	(Sucre)	1106.72o	675.2410	396.3187	450.8024
		1136.96a	693.6912	407.1477	463.1201
Egypt	(Egyptian £)	4.32	2.6357	1.5470	1.7596
El Salvador	(Colon)	10.8708	6.6325	3.8928	4.4280
Equat'l Guinea	(CFA Fr)	471.625	287.7516	168.8898	192.1079
Ethiopia	(Ethiopian Birr)	3.3749	2.0591	1.2085	1.3747
Falkland Is	(Falk £)	1.00	0.6101	0.3581	0.4073
Faroe Is	(Danish Kroner)	10.7150	6.5375	3.8370	4.3645
Fiji Is	(Fiji $)	2.50	1.5253	0.8952	1.0183
Finland	(Markka)	6.5798	4.0145	2.3562	2.6801
France	(Fr)	9.4325	5.7550	3.3777	3.8421
Fr. Cty/Africa	(CFA Fr)	471.625	287.7516	168.8898	192.1079
Fr. Guiana	(Local Fr)	9.4325	5.7550	3.3777	3.8421
Fr. Pacific Is	(CFP Fr)	171.00	104.3319	61.2354	69.6537
Gabon	(CFA Fr)	471.625	287.7516	168.8898	192.1079
Gambia	(Dalasi)	13.6875	8.3511	4.9015	5.5753
Germany East	(Ostmark)	2.7925	1.7037	1	1.1374
Germany West	(D Mark)	2.7925	1.7037	1	1.1374
Ghana	(Cedi)	515.351	314.4301	184.5482	209.9189
Gibraltar	(Gib £)	1.00	0.6101	0.3581	0.4073
Greece	(Drachma)	265.00	161.6839	94.8970	107.9429
Greenland	(Danish Krone)	10.7150	6.5375	3.8370	4.3645
Grenada	(E Carr $)	4.440	2.7089	1.5899	1.8085
Guadaloupe	(Local Fr)	9.4325	5.7550	3.3777	3.8421
Guam	(US $)	1.6390	1	0.5869	0.6676
Guatemala	(Quetzal)	6.3951	3.9018	2.2900	2.6049
Guinea	(Fr)	493.35	301.0067	176.6696	200.9572
Guinea-Bissau	(Peso)	1068.92u	648.8502	382.7824	435.4052
Guyana	(Guyanese $)	49.15u	29.9567	17.6007	20.0203
Haiti	(Gourde)	8.2225u	4.9911	2.9444	3.3492
Honduras	(Lempira)	3.3902u	2.1326	1.2140	1.3809
Hong Kong	(HK $)	12.8558	7.8436	4.6036	5.2365
Hungary	(Forint)	109.5403	66.8336	39.2266	44.6192
Iceland	(Icelandic Krona)	100.45	61.2873	35.9713	40.9164
India	(Indian Rupee)	27.60	16.8395	9.8836	11.2423
Indonesia	(Rupiah)	2996.69	1828.3648	1073.1208	1220.6476
Iran	(Rial)	117.75	71.8425	42.1665	47.9633
Iraq	(Iraqi Dinar)	0.5126	0.3127	0.1835	0.2087
Irish Rep	(Punt)	1.0480	0.6394	0.3752	0.4268
Israel	(Shekel)	3.23	1.9707	1.1566	1.3156
Italy	(Lira)	2058.50	1255.9487	737.1530	838.4928
Jamaica	(Jamaican $)	11.2360	6.8553	4.0236	4.5767
Japan	(Yen)	245.50	149.7864	87.9140	100
Jordan	(Jordanian Dinar)	1.0943	0.6676	0.3918	0.4457
Kenya	(Kenya Shilling)	36.99	22.5686	13.2461	15.0672
Kiribati	(Australian $)	2.1730	1.3258	0.7781	0.8851
Korea North	(Won)	1.5952	0.9732	0.5712	0.6497
Korea South	(Won)	1139.98	695.5338	408.2291	464.3503
Kuwait	(Kuwaiti Dinar)	0.48125	0.2935	0.1723	0.1960
Laos	(New Kip)	1172.53	715.3935	419.8854	477.6089
Lebanon	(Lebanese £)	910.05	555.2471	325.8907	370.6924
Lesotho	(Maluti)	4.2375	2.5854	1.5174	1.7260
Liberia	(Liberian $)	1.6390	1	0.5869	0.6676
Libya	(Libyan Dinar)	0.4833	0.2948	0.1730	0.1968
Liechenstein	(Swiss Fr)	2.4575	1.4993	0.8800	1.0010
Luxembourg	(Lux Fr)	58.00	35.3874	20.7699	23.6252
Macao	(Pataca)	13.2706	8.0967	4.7522	5.4055
Madeira	(Port Escudo)	244.80	149.3593	87.6633	99.7148
Malagasy Rep	(MG Fr)	2170.50	1324.2830	777.2605	884.1140
Malawi	(Kwacha)	4.3355	2.6452	1.5525	1.7659
Malaysia	(Ringgit)	4.4548	2.7179	1.5952	1.8145
Maldive Is	(Rufiya)	15.4550	9.4295	5.5344	6.2953
Mali Rep	(CFA Fr)	471.625	287.7516	168.8898	192.1079
Malta	(Maltese £)	0.5485	0.3346	0.1964	0.2234
Martinique	(Local Fr)	9.4325	5.7550	3.3777	3.8421
Mauritania	(Ouguiya)	137.3980	83.8303	49.2025	55.9665
Mauritius	(Maur Rupee)	24.40	14.8871	8.7376	9.9389
Mexico	(Mexican Peso)	4491.25a	2740.2379	1608.3258	1829.4297
		4440.15d	2709.0604	1590.0268	1808.6150
Miquelon	(Local Fr)	9.4325	5.7550	3.3777	3.8421
Monaco	(French Fr)	9.4325	5.7550	3.3777	3.8421
Mongolia	(Tugrik)	5.5181u	3.3495	1.9760	2.2476
Montserrat	(E Carr $)	4.440	2.7089	1.5899	1.8085
Morocco	(Dirham)	13.2134	8.0618	4.7317	5.3822
Mozambique	(Metical)	1457.83	889.4630	522.0519	593.8207
Namibia	(S A Rand)	4.2375	2.5854	1.5174	1.7260
Nauru Is	(Australian $)	2.1730	1.3258	0.7781	0.8851
Nepal	(Nepalese Rupee)	46.7098	28.4953	16.7247	19.0239
Netherlands	(Guilder)	3.1425	1.9173	1.1253	1.2800
N'nd Antilles	(A/Guilder)	2.9437u	1.7868	1.0541	1.1990
New Zealand	(NZ $)	2.8013	1.7091	1.0031	1.1410
Nicaragua	(Cordoba)	68015.00	41497.8645	24356.3115	27704.6843
Niger Rep	(CFA Fr)	471.625	287.7516	168.8898	192.1079
Nigeria	(Naira)	12.9422	7.8964	4.6346	5.2717
Norway	(Nor. Krone)	10.7650	6.5680	3.8549	4.3849
Oman	(Rial Omani)	0.6337	0.3866	0.2269	0.2581
Pakistan	(Pak. Rupee)	34.60	21.1104	12.3903	14.0936
Panama	(Balboa)	1.6390	1	0.5869	0.6676
Papua New Guinea	(Kina)	1.60	0.9762	0.5729	0.6517
Paraguay	(Guarani)	2165.50	1321.2324	775.4700	882.0773
Peru	(Inti)	21753.60	13272.4832	7790.0089	8860.9368
Philippines	(Peso)	35.70	21.7815	12.7842	14.5417
Pitcairn Is	(£ Sterling)	1.00	0.6101	0.3581	0.4073
	(NZ $)	2.8013	1.7091	1.0031	1.1410
Poland	(Zloty)	16102.00	9824.2830	5766.1593	6558.8594
Portugal	(Escudo)	244.80	149.3593	87.6633	99.7148
Puerto Rico	(US $)	1.6390	1	0.5869	0.6676
Qatar	(Riyal)	5.9931	3.6565	2.1461	2.4411
Reunion Is. de la	(F/Fr)	9.4325	5.7550	3.3777	3.8421
Romania	(Leu)	35.304	21.5375	12.6410	14.3788
Rwanda	(Fr)	131.11	79.9938	46.9507	53.4052
St Christopher	(E Carr $)	4.440	2.7089	1.5899	1.8085
St Helena	(£)	1.00	0.6101	0.3581	0.4073
St Lucia	(E Carr $)	4.440	2.7089	1.5899	1.8085
St Pierre	(French Fr)	9.4325	5.7550	3.3777	3.8421
St Vincent	(E Carr $)	4.440	2.7089	1.5899	1.8085
San Marino	(Italian Lira)	2058.50	1255.9487	737.1530	838.4928
Sao Tome	(Dobra)	173.6592	105.9543	62.1877	70.7369
Saudi Arabia	(Riyal)	6.17225	3.7658	2.2102	2.5141
Senegal	(CFA Fr)	471.625	287.7516	168.8898	192.1079
Seychelles	(Rupee)	8.95	5.4606	3.2050	3.6456
Sierra Leone	(Leone)	193.30	117.9377	69.2211	78.7372
Singapore	($)	3.0813	1.8799	1.1034	1.2551
Solomon Is	($)	4.054	2.4734	1.4517	1.6513
Somali Rep	(Shilling)	674.245	411.3758	241.4485	274.6415
South Africa	(Rand)	4.2375c	2.5854	1.5174	1.7260
		6.0535g	3.6934	2.1677	2.4657
Spain	(Peseta)	179.50	109.5179	64.2793	73.1160
Spanish Ports in N Africa	(Sp Peseta)	179.50	109.5179	64.2793	73.1160
Sri Lanka	(Rupee)	65.00	39.6583	23.2766	26.4765
Sudan Rep	(£)	18.8295	11.4884	6.7428	7.6698
Surinam	(Guilder)	2.9271	1.7859	1.0482	1.1923
Swaziland	(Lilangeni)	4.2375	2.5854	1.5174	1.7260
Sweden	(Krona)	10.0725	6.1455	3.6069	4.1028
Switzerland	(Fr)	2.4575	1.4993	0.8800	1.0010
Syria	(£)	34.5345u	20.9628	12.3668	14.0670
Taiwan	($)	43.10	26.2965	15.4341	17.5560
Tanzania	(Shilling)	317.60	193.7766	113.7332	129.3686
Thailand	(Baht)	41.80	25.5033	14.9686	17.0264
Togo Rep	(CFA Fr)	471.625	287.7516	168.8898	192.1079
Tonga Is	(Pa Anga)	2.1730	1.3258	0.7781	0.8851
Trinidad/Tobago	($)	6.9891	4.2642	2.5028	2.8468
Tunisia	(Dinar)	1.5038	0.9175	0.5385	0.6125
Turkey	(Lira)	4048.47	2470.0854	1449.7654	1649.0712
Turks & Caicos	(US $)	1.6390	1	0.5869	0.6676
Tuvalu	(Australian $)	2.1730	1.3258	0.7781	0.8851
Uganda	(New Shilling)	627.51	382.8615	224.7126	255.6048
U A E	(Dirham)	6.0450	3.6882	2.1647	2.4623
United Kingdom	(£)	1.00	0.6101	0.3581	0.4073
United States	(US $)	1.6390	1	0.5869	0.6676
Uruguay	(Peso)	1515.24	924.4905	542.6105	617.2057
USSR	(Rouble)	1.0229	0.6241	0.3663	0.4166
Vanuatu	(Vatu)	192.00	117.1446	68.7555	78.2077
Vatican	(Lira)	2058.50	1255.9487	737.1530	838.4928
Venezuela	(Bolivar)	73.8750	45.0732	26.4547	30.0916
Vietnam	(Dong)	7400.25	4515.1006	2650.0447	3014.3584
Virgin Is-British	(US $)	1.6390	1	0.5869	0.6676
Virgin Is-US	(US $)	1.6390	1	0.5869	0.6676
Western Samoa	(Tala)	3.7529	2.2897	1.3439	1.5286
Yemen	(Rial)	16.0339	9.7827	5.7417	6.5311
Yemen PDR	(Dinar)	0.5591u	0.3393	0.2002	0.2277
Yugoslavia	(Dinar)	20.0593	12.2387	7.1832	8.1707
Zaire Rep	(Zaire)	792.00	483.2214	283.6168	322.6069
Zambia	(Kwacha)	40.60	24.7712	14.5389	16.5376
Zimbabwe	($)	3.868	2.3599	1.3851	1.5755

Special Drawing Rights March 2, 1990 United Kingdom £1.27343 United States $1.30616 Germany West D Mark 2.24372 Japan Yen196.120 European Currency Unit Rates March 5, 1990 United Kingdom £1.37097 United States $1.20171 Germany West D Mark 2.04290 Japan Yen178.994 Sterling quoted in terms of SDR. & ECU.per £.

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate ; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate; (u) Currency fixed against the US dollar. Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/5. Monday, March 5, 1990.

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INTERNATIONAL CAPITAL MARKETS

James Capel and BZW granted TSE membership

By Robert Thomson in Tokyo and Richard Waters in London

THE TOKYO Stock Exchange yesterday granted membership to two British securities firms, James Capel Pacific and Barclays de Zoete Wedd (BZW), apparently ending a long and sometimes bitter dispute with London over the openness of the Japanese financial system.

Mrs Margaret Thatcher, the British Prime Minister, had made the case of the two companies a personal crusade, and had sought guarantees in recent meetings with Japanese leaders that the matter would be settled as quickly as possible. It was after she visited Tokyo last September that the TSE first made it clear that the firms would be admitted, alongside the five British-owned firms already in the market.

Japanese officials were hoping last night that Mrs Thatcher will be satisfied even though another British firm, Cresvale International, which applied for the first time, was the only one of four foreign applicants to miss out. A seat was also granted to Crédit Lyonnais Finanz AG Zurich, a unit of Crédit Lyonnais of France and a second-time candidate.

By comparison, just seven out of 17 Japanese applicants were granted membership.

The issue arose when the Tokyo exchange failed to offer BZW and James Capel membership in December 1987, while 16 other foreign firms were granted seats, four of them British. The TSE argued that there was simply no more room for new members.

Also, at that time neither BZW nor James Capel had a branch operation in Tokyo for the two years necessary to qualify for membership of the exchange, having been later than others opening in Tokyo.

In response, the British Government made sure a London branch licence was not approved for a Japanese regional bank, the Hokuriku Bank, although Bank of England officials did not want the matter to be seen as one of crude reciprocity.

However, in expectation of yesterday's TSE decision, the Hokuriku Bank has apparently been told to prepare its application for a branch licence, which is expected to be granted in the near future.

An official on the TSE members committee said after the announcement of the new seats: "We've done our best. We hope foreign countries will be satisfied for the time being".

The ten new members are expected to be admitted formally in November, after a refurbishment of the exchange floor and an increase in computerisation creates extra space.

Mr Roger Atkins, chairman of James Capel Pacific, said the company is "pleased and honoured" by the TSE decision, which "comes at a time when our business in Japanese equities has been rising steadily".

Membership would free the company from paying commissions to member brokers and allow it to "continue to expand our yen equity business," he said. According to BZW, non-members on average hand over 27 per cent of their commissions to members to have their business transacted.

Mr Mike Connors, the general manager of BZW Securities (Japan), said certain large Japanese clients will only do business with member firms, and that market will now be open to the three new foreign members.

The membership is likely to cost the companies around Y1.35bn in fees and guarantees, but Mr Connors said a seat "makes economic sense" because of the volume of equity business in Tokyo: "Last month, we were 12th in volume among the foreign firms, which put us ahead of many of the firms that already have membership."

While the new members will have full rights, Mr Minoru Nagaoka, the TSE president, said the TSE board had recommended the exchange create a limited membership so more new firms can be admitted.

Italy to launch $1.5bn seven-year deal

By Norma Cohen

CONCERTED central bank intervention to drive the dollar down weighed on Eurodollar bonds yesterday, which fell in line with US Treasuries.

However, the bearish tone in the market was insufficient to deter the announcement of a $1.5bn seven-year Eurobond for the Republic of Italy to be launched today on a fixed-price re-offer basis. Joint lead managers are Salomon Brothers and Morgan Stanley who will fix the spread at 55 to 57 basis points over US Treasuries. Fees are 30 basis points.

The issue is likely to add further fuel to the debate about the merits of an auction system versus the fixed-price re-offer mechanism. Last week, AA-rated Denmark achieved a spread of 65 basis points over Treasuries for a five-year deal using an auction mechanism. Morgan Guaranty points out that its deal late yesterday was still at that spread, proof that the auction system is an effective pricing mechanism.

Meanwhile, defenders of the fixed-price re-offer mechanism argue that it is a better means of getting the best available spread for the issuer.

While dealers said the pricing of the securities may be about right for Italy in normal market conditions, the need to place such a large number of bonds just when higher interest rates appear imminent, will make the securities hard to sell, they predicted. They noted, for instance, that Italy's previous jumbo Eurobond in dollars, launched initially with a five-year maturity, is trading at a spread to Treasuries of about 52 basis points. That means buyers of the new securities will earn no more than five basis points for extending maturities by three years.

Salomon Brothers defended the price talk, saying that the spread appeared appropriate for Italy, a AAA-rated borrower.

Meanwhile, in West Germany, National Bank of Hungary's DM200m 10 per cent seven-year Eurobond was increased to DM300m due to strong retail demand. In spite of the increase in size, the issue ended the day well inside its 2¼ per cent underwriting fees at about less 1.85 per cent bid, earning investors a yield of 10.38 per cent.

Austria launched a Sch4bn floating-rate note renewable every three years for a 12-year period. Half of the issue is being placed internationally via J. P. Morgan Securities as the co-ordinator. The securities, which carry a spread of ⅛ under three-month Vienna interbank offered rates (Vibor), have met strong demand and the issue is expected to be increased, according to lead manager Girozentrale-Vienna.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
YEN						
Baltica Bank A/S◆	10bn	6¼	100.135	1992	1⅛/¾	Mitsui Trust Int.
US DOLLARS						
Best Denki Int.Finance(c)◆	30	14.65	100.875	1991	⅞/½	Mitsubishi Finance Int.
D-MARKS						
Issue increased:						
National Bank of Hungary(a)◆	300	10	100	1997	2¼/1½	Commerzbank
AUSTRIAN SCHILLINGS						
Austria(b)‡◆	4bn	-⅛	100.05	1993/2002	20bp	Girozentrale-Vienna

‡Floating rate notes. ◆Final terms. a) Issue increased from DM200m. Non-callable. b) Coupon pays ⅛ under 3-month Vibor. Call at par from March 1993 and on coupon dates thereafter. Sch2bn launched on international market with J.P. Morgan Secs. as international co-ordinator. c) Redemption linked to Yen/$ exchange rate.

DG Bank meets with French to solve dispute over securities

By William Dawkins in Paris

THE head of Deutsche Genossenschaftsbank (DG Bank) will today begin several days of meetings with leading French banks in an attempt to solve the dispute over DM6bn of contested securities transactions.

Mr Helmut Guthardt, DG Bank's chief executive, hopes to end the dispute by the end of the week, said an official for its Paris offshoot. He gave no details of the shape of a possible agreement.

State-owned Banque Nationale de Paris, the largest of the eight or nine French banks involved, will see Mr Guthardt on Wednesday. BNP officials said they would listen attentively to any proposals, but made no comment on the likelihood of an accord.

The row, about two kinds of transactions involving the sale and repurchase of securities, has created outrage among French banks, now in the final stages of preparing a lawsuit against the West German group.

The argument also highlights shortcomings in the Euromarket's dealing rules. The French legal action will be ready midweek, to be launched if Mr Guthardt's peace mission fails.

The French banks maintain DG Bank wrongly went back on a repurchase agreement after the market price of the securities involved fell, leaving them with potential heavy losses. They have the strong support of the French Government, which has called on West German bank supervisors to make sure market rules are respected.

Dollar weakness overshadows Treasuries

By Anatole Kaletsky in New York and Norma Cohen in London

THE US bond market yesterday gave up some of Friday's big gains in thin trading.

At lunchtime the Treasury's benchmark long bond was down ⅜ at 99⅛, a price at which it yielded 8.57 per cent. Federal funds were virtually unchanged throughout the morning at 8¼ per cent.

GOVERNMENT BONDS

The long bond had fallen by as much as half a point earlier in the day, partly in response to a weaker dollar in Europe. However, as the dollar strengthened again in light New York trading, bond prices also recovered somewhat.

There were no statistical releases or other market-moving events for traders to digest and attention focused mainly on possible developments later in the week.

Some traders expressed anxiety that the February employment figures, to be released on Friday, would prove stronger than expected.

The traders pointed out that the very mild weather last month might again play havoc with the Labor Department's seasonal adjustments.

An even bigger concern related to possible interest rate moves in Tokyo. Several analysts predicted that the Bank of Japan might raise its official discount rate later in the week.

■ AFTER a weekend of news that bore little encouragement for the UK economy, gilts were marked almost a point off at the opening of a weak and thin market yesterday and although they recovered slightly during the day, prices look set in a downwards trend.

With inflation showing little sign of coming under control, and even of going higher over the next few months, the economy has been seen in stark relief.

The Government is at a low ebb in the opinion polls, facing widespread criticism over its scheduled poll tax.

Furthermore, the news that Mr Peter Walker, the Welsh secretary, would be leaving the cabinet was another development that held out little comfort.

The pound came under increased pressure with the Bank of England's trade-weighted index down a full point from Friday's close at 87.7.

In spite of the odd nibble at the bottom of the market, there was little demand for gilts yesterday with retail investors staying away from the market.

The 11¾ per cent 2003-07 stock was down by ⅞ to 90.26 at the close of trading after the market came off its lows but remained in a bearish mood.

The UK gilts market had remained fairly insulated from the recent downfall across the European bond markets because of investors' confidence that the economy was on the mend.

However, the recent drop in prices has reminded them that gilts are not de-coupled from Europe.

■ IRONICALLY, given the bearish mood in the UK yesterday, the German bond market showed some consolidation after its recent falls. Futures prices were steadier and supported by some shortcovering ahead of the expiry of the March bund futures contract on Wednesday.

At the fixing, the benchmark 7¾ per cent 2000 bund was marked at 92.20 from 92.07 on Friday. This put the yield at 8.96 per cent from Friday's 8.98 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	92-00	-15/32	13.19	12.56	12.15
		10.500	5/99	90-26	-28/32	12.17	11.58	11.22
		9.000	10/08	83-16	-30/32	11.11	10.61	10.30
US TREASURY *		8.500	02/00	99-19	-6/32	8.56	8.51	8.52
		8.500	02/20	99-07	-9/32	8.57	8.53	8.53
JAPAN	No 119	4.800	6/99	87.1912	+0.319	7.09	6.92	6.58
	No 2	5.700	3/07	91.4593	+0.073	6.78	6.52	6.26
GERMANY		7.125	12/99	89.0500	+0.300	8.83	8.83	7.71
FRANCE	BTAN	8.000	10/94	90.2558	+0.265	10.78	10.67	10.33
	OAT	8.125	5/99	87.7900	+0.290	10.22	10.05	9.65
CANADA *		9.250	12/99	91.4000	-0.225	10.69	10.51	9.98
NETHERLANDS		7.500	11/99	89.5600	-0.010	9.15	8.92	8.30
AUSTRALIA		12.000	7/99	91.0615	-0.732	13.71	13.34	12.76

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

US houses condemn EC directive

By Richard Waters

THE London subsidiaries of four leading US securities houses have joined forces against the European Commission's fourth draft of a directive on capital adequacy for securities firms, which has already been roundly condemned in the UK.

In a joint letter at the end of last month to Sir Leon Brittan, the commissioner responsible for the directive, the four – Merrill Lynch, Morgan Stanley, Salomon Brothers and Shearson Lehman Hutton – warn that the EC's proposals could be damaging to securities business in the EC.

They say: "Indeed, the current proposal could lead to a relocation of substantial activities to non-EC centres, with resulting loss of market liquidity, returns and employment."

Echoing representations made by the UK Government and the Bank of England, the four firms take issue in particular with the treatment in the draft of the capital requirements for equity and equity related products, as well as counterparty and settlement risk.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

Compiled by the Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Equity groups & sub-sections	Monday March 5 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Fri Mar 2: Index No.	Thu Mar 1: Index No.	Wed Feb 28: Index No.	Year ago (approx): Index No.
1	CAPITAL GOODS (202)	841.14	-1.1	13.57	5.12	8.98	1.80	850.12	843.44	849.61	947.73
2	Building Materials (27)	1022.29	-1.3	15.39	5.53	8.10	0.50	1036.19	1026.03	1030.87	1192.27
3	Contracting, Construction (37)	1395.96	-1.0	17.60	5.60	7.44	3.69	1410.05	1404.95	1415.77	1718.99
4	Electricals (10)	2326.54	-1.2	11.55	5.34	10.89	0.75	2354.45	2343.37	2369.00	2733.46
5	Electronics (30)	1862.89	-0.7	9.67	3.95	13.39	10.52	1876.55	1860.72	1874.59	2125.43
6	Engineering-Aerospace (8)	412.48	-1.9	14.66	5.35	8.38	0.04	420.66	417.00	422.36	0.00
7	Engineering-General (43)	454.45	-0.8	12.58	5.20	9.54	1.28	458.32	456.65	460.17	0.00
8	Metals and Metal Forming (6)	467.91	-1.5	25.18	6.58	4.48	0.00	475.14	466.59	467.13	542.47
9	Motors (16)	348.45	-0.5	15.17	6.13	7.73	0.00	350.29	348.65	350.87	320.96
10	Other Industrial Materials (25)	1520.29	-1.0	11.27	4.77	10.31	3.06	1535.46	1522.97	1535.67	1581.50
21	CONSUMER GROUP (177)	1205.13	-1.2	9.97	3.97	13.33	3.14	1219.33	1216.89	1220.19	1180.08
22	Brewers and Distillers (22)	1381.06	-1.8	10.11	3.81	12.20	6.57	1405.98	1417.32	1435.97	1320.03
25	Food Manufacturing (20)	1043.56	-1.1	10.39	4.42	11.97	1.70	1055.66	1050.72	1057.02	1036.56
26	Food Retailing (16)	2247.46	-1.2	9.03	3.37	14.37	6.99	2274.84	2266.10	2284.49	1995.82
27	Health and Household (13)	2385.64	-0.7	6.56	2.74	18.15	0.20	2401.86	2382.76	2407.28	2165.55
29	Leisure (31)	1474.66	-1.6	8.99	4.03	13.74	5.74	1498.02	1498.77	1518.63	1424.65
31	Packaging & Paper (13)	553.17	-0.6	12.70	5.60	9.94	0.90	556.50	555.33	555.75	598.20
32	Publishing & Printing (16)	3315.01	-0.7	9.74	5.28	13.13	21.20	3338.00	3336.24	3361.43	3723.95
34	Stores (33)	763.85	-1.3	11.35	4.89	11.47	1.78	773.55	773.22	778.75	763.35
35	Textiles (13)	490.62	-0.4	11.76	6.11	10.33	0.37	492.55	493.53	497.50	516.04
40	OTHER GROUPS (103)	1147.02	-1.0	10.89	4.92	11.01	1.57	1159.13	1149.21	1154.97	1070.84
41	Agencies (17)	1540.22	-0.4	6.78	2.42	18.03	9.20	1545.73	1534.07	1533.97	1330.81
42	Chemicals (22)	1185.67	+0.3	12.16	5.57	9.47	0.57	1182.42	1178.59	1172.34	1281.74
43	Conglomerates (13)	1579.80	-0.5	10.30	6.20	11.42	5.27	1587.29	1553.17	1572.15	1496.03
44	Transport (13)	2233.34	-0.9	10.91	4.30	11.67	2.88	2252.84	2239.82	2254.86	2410.66
46	Telephone Networks (2)	1175.38	-2.7	10.80	4.36	12.04	0.00	1207.94	1211.71	1217.76	1128.91
47	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (482)	1109.28	-1.1	10.88	4.55	11.24	2.33	1121.62	1115.42	1124.14	1110.74
51	Oil & Gas (18)	2343.24	-0.8	10.34	5.14	12.79	31.87	2361.15	2325.80	2338.04	1926.74
59	500 SHARE INDEX (500)	1211.55	-1.1	10.80	4.64	11.44	4.59	1224.41	1215.89	1225.81	1180.53
61	FINANCIAL GROUP (114)	793.44	-0.9	–	5.63	–	5.62	800.80	800.07	804.79	748.52
62	Banks (9)	868.51	-0.9	19.37	6.33	6.75	13.93	876.67	875.33	874.45	737.49
65	Insurance (Life) (7)	1268.87	-1.8	–	5.24	–	0.00	1291.81	1288.40	1304.95	1063.05
66	Insurance (Composite) (7)	644.30	-0.7	–	6.16	–	0.00	648.99	653.08	663.79	601.60
67	Insurance (Brokers) (6)	1050.77	-0.9	7.02	6.00	18.97	0.73	1060.56	1058.24	1056.42	1016.38
68	Merchant Banks (8)	482.30	-0.9	–	3.73	–	0.04	486.50	489.02	490.44	346.48
69	Property (49)	1094.04	-0.9	8.30	3.95	15.25	1.39	1104.39	1097.49	1107.90	1313.09
70	Other Financial (28)	315.05	+0.1	13.77	6.74	9.58	2.38	314.84	314.27	316.05	378.81
71	Investment Trusts (68)	1142.12	-1.0	–	3.28	–	4.61	1153.62	1142.07	1152.67	1008.01
91	Overseas Traders (5)	1342.21	-1.4	9.61	6.01	12.57	30.79	1361.42	1357.44	1358.84	1412.04
99	ALL-SHARE INDEX (687)	1109.45	-1.0	–	4.76	–	4.90	1121.03	1114.18	1122.36	1075.47

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 2	Mar 1	Feb 28	Feb 27	Feb 26	Year ago
FT-SE 100 SHARE INDEX♦	2230.5	-24.3	2238.8	2230.2	2254.8	2238.4	2255.4	2254.8	2249.3	2072.8

FIXED INTEREST

	PRICE INDICES	Mon Mar 5	Day's change %	Fri Mar 2	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	113.65	-0.43	114.15	–	2.06
2	5-15 years	119.02	-0.94	120.22	0.07	2.41
3	Over 15 years	124.82	-1.13	126.24	–	2.32
4	Irredeemables	141.90	-1.20	143.62	–	1.51
5	All stocks	119.52	-0.79	120.50	0.04	2.29
	Index-Linked					
6	Up to 5 years	140.05	-0.17	140.30	–	0.94
7	Over 5 years	134.15	-0.56	134.91	–	0.81
8	All stocks	134.49	-0.53	135.21	–	0.82
9	Debentures & Loans	98.99	-0.92	99.91	–	2.12
10	Preference	78.08	-0.40	78.39	–	1.17

	AVERAGE GROSS REDEMPTION YIELDS		Mon Mar 5	Fri Mar 2	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.36	11.18	9.15
2		15 years	11.05	10.89	8.92
3		25 years	10.93	10.78	8.81
4	Medium Coupons	5 years	12.70	12.47	10.25
5		15 years	11.48	11.33	9.36
6		25 years	11.03	10.90	8.95
7	High Coupons	5 years	12.80	12.59	10.39
8		15 years	11.70	11.56	9.60
9		25 years	11.20	11.07	9.16
10	Irredeemables†		10.90	10.76	8.72
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.54	4.47	3.28
12	Inflation rate 5%	Over 5 yrs.	4.01	3.97	3.47
13	Inflation rate 10%	Up to 5 yrs.	3.61	3.53	2.42
14	Inflation rate 10%	Over 5 yrs.	3.84	3.80	3.30
15	Debs & Loans	5 years	13.59	13.52	11.98
16		15 years	13.09	12.96	11.34
17		25 years	13.09	12.96	10.77
18	Preference†		11.82	11.77	10.83

♦Opening Index 2238.0; 10 am 2233.5; 11 am 2232.6; Noon 2232.4; 1 pm 2232.9; 2 pm 2234.0; 3 pm 2234.1; 3.30 pm 2236.1; 4 pm 2230.5 (a) 4.01pm (b) 4.49pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p. CONSTITUENT CHANGES (Week ending 2/3/90): Desoutter Brothers Holdings (7), Saga Group (29) & Norfolk Capital Group (29) have been deleted. Richmond Oil & Gas (51), T & S Stores (34) & Lloyds Chemists (34) have been inserted. (5/3/90) Pergamon AGB (32) has been deleted and replaced by Perkins Foods (25).

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	93	3
Corporations, Dominion and Foreign Bonds	0	13	13
Industrials	185	586	825
Financial and Properties	78	285	340
Oils	13	37	42
Plantations	2	1	7
Mines	26	46	86
Others	102	54	99
Totals	407	1,115	1,415

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price £	+or-
[illegible]							

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989/90 High	1989/90 Low	Stock	Closing Price p	+or-
25	F.P.	4/4	31	28	Baileys	29	
120	Nil	–	13pm	½pm	Cityvision 5p	½pm	-¼
260	Nil	–	6pm	4pm	Electra Inv. Trt.	4pm	
8	Nil	–	4pm	1pm	*Int'l. Comm. & Data 5p	4pm	+½
5	F.P.	27/3	6	5¼	Lonsdale Queensway 5p	5¼	
130	Nil	–	26pm	21pm	‡Microlec	25pm	-1
85	Nil	–	10pm	2pm	NSM 10p	2pm	-2
100	Nil	–	14pm	13pm	Radiotrust	13pm	-1
200	Nil	–	70pm	59pm	Rosehaugh	60pm	-7
127	Nil	6/3	47pm	12pm	‡Ross Group 10p	12pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Earnings based on preliminary figures. s Dividend and yield exclude special payment. n Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. § Offered to holders of ordinary shares as a "rights". ‡ Introduction. §Placing price. †† Reintroduction. ♦ Unlisted securities market. * Third Market.

TRADITIONAL OPTIONS

- First Dealings: March 5
- Last Dealings: March 16
- Last Declarations: June 7
- For settlement: June 18

For rate indications see end of London Share Service

Calls in Body Shop, De Beers, Tuskar Res., Tullow Oil and Greenwich Res. Puts in AT Trust and Elders IXL.

LONDON TRADED OPTIONS

Option	Calls	Puts
[illegible]		

March 5th Total Contracts 21,313
Calls 12,287 Puts 9,026
FT-SE Index Calls 2522 Puts 2595
Euro FT-SE Calls 80 Puts 77
*Underlying security price. † Long dated expiry months

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UK COMPANY NEWS

A decreasing reliance on equity capital accounts for S&P's move

NatWest credit rating downgraded

By Norma Cohen

NATIONAL WESTMINSTER Bank, the last remaining UK bank to carry a AAA credit rating on all its debt securities, has had its subordinated debt downgraded to AA+ by Standard & Poor's, the US credit rating agency.

S&P said the move largely reflected NatWest's increasing reliance on subordinated loans and bonds to form its core capital and a decreasing reliance on equity capital.

While acknowledging that the move is in line with a trend among international banks attempting to meet guidelines on capital adequacy – subordinated debt counts as capital for regulatory purposes while senior debt does not – S&P said that the high volume of junior debt means that it can no longer be regarded as creditworthy as the bank's senior obligations.

S&P said that, to a lesser degree, the downgrade also reflects the slight decline in NatWest's underlying profitability and the increasingly competitive outlook for the UK banking industry, spurred by deregulation and internationalisation with the financial services industry.

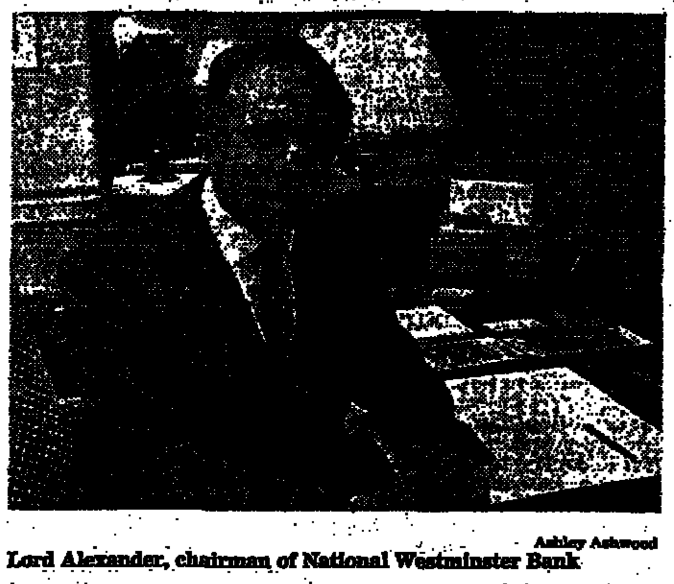
NatWest's senior and subordinated debt have carried a AAA rating since 1987.

Mr Barry Hancock, analyst at S&P, said that the deterioration in the ratio of loan to equity capital at NatWest has been quite marked over the past three years. As a percentage of total capital, debt now accounts for 71 per cent, up from 53 per cent three years ago.

And, if revaluations of the bank's holdings of property are stripped out of total capital, debt accounts for about 87 per cent of NatWest's total capital.

Mr William Mason, senior executive in charge of group financial control at NatWest, said that the bank regards the downgrading as a largely technical move and has no plans to increase capital right now. The bank has issued a large volume of debt to meet regulatory requirements, he said.

Also, he said, the bank wished to maintain a portion of its capital in dollars and found no way of keeping equity capital in any other currency except sterling. The only alternative, Mr Mason said, is through the very expensive means of holding on to the retained earnings of US subsidiaries.



Ashley Ashwood

Lord Alexander, chairman of National Westminster Bank

Northern base helps Persimmon rise 10%

By Andrew Taylor, Construction Correspondent

IN SPITE of the collapse of the housing market in southern England, pre-tax profits of Persimmon, the housebuilder, last year rose by 10 per cent from £29.55m to £32.55m.

Persimmon, which has grown rapidly since it came to the market in 1985, has become a national builder with 50 per cent of its sales south of a line from Bristol to the Wash.

However, its traditional heartland is the north of England, particularly its home base of Yorkshire. Sales here held up better than in the south where higher prices command bigger loans and buyers are more susceptible to sharp increases in mortgage interest rates.

The number of homes sold by Persimmon last year fell to 1,796 compared with just over 2,000 in 1988. Average selling prices, however, increased by 23 per cent from £58,367 to £71,881.

Turnover rose from £119.24m to £129.1m. Margins on sales increased slightly from 24.8 per cent to 25.2 per cent. Earnings per share increased from 26.5p to 27.3p.

Mr Duncan Davidson, chairman, said sales so far this year had been encouraging, particularly in the midlands and the north.

He said: "I hope to sell more homes this year than last, perhaps getting back to about the 2,000 level of 1988. The mix is likely to change, however, with more homes being sold to first time buyers. As a result the average selling price is expected to be slightly lower.

"I would hope that profits will at least match those of last year. Much will depend upon how sales fare in the second half the year. I will be surprised if first half profit are not as good as at the same stage last year."

The group currently has a land bank of more than 9,000 plots with planning permission, equivalent to more four years output at current building rates.

Mr Davidson said the group had no cause to make any provision to cover falling land values. Gearing at the end of the year was equivalent to 31 per cent of shareholders funds.

A final dividend of 4.5p makes a total of 6.5p (5p) for the year.

● **COMMENT**

Persimmon's share price remained virtually unchanged yesterday as the rest of the market tumbled. This is one of the better housing stocks and one likely to pick up first when the recovery comes. It has a quality land bank, particularly in the north, much of it purchased at low prices. This year, however, will be difficult. Margins must decline as prices remain under pressure and reflect the change in sales mix towards the first time buyer. The recent rise in mortgage interest rates, however, has not led to as many cancellations as might have been expected. A historic p/e of just under 6 looks cheap with the company on recent showing likely to fare better than some of its rivals, even if profits slip a little or are no better than maintained this year.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims- Haggas (John), Raine Industries.
Finals- BICC, Blagden Industries, Clinton Cards, De Beers Consolidated Mines, Expamet Intl, Fisons, Fleming Mercantile Investment Trust, Greggs, Oy Wartsila, Pacer Systems, Robinson (Thomas), Templeton Galbraith & Hansberger, Victaulic, Wates City of London Properties, Watermen Partnership, Walmoughs, Wyevale Garden Centres.

FUTURE DATES

Interims-	
Community Hospitals	Mar. 13
Logica	Mar. 13
MAI	Mar. 12
Maunders (John)	Mar. 22
Finals-	
Automated Security	Mar. 15
Buffers	Mar. 12
Daras Estates	Mar. 8
Hillsdown	Mar. 14
Kalon	Mar. 13
Lancaster	Mar. 13
Northern Engineering Inds.	Mar. 15
RTZ	Mar. 21
Rolls-Royce	Mar. 15
Sphere Investment Trust	Mar. 9
Thames Television	Mar. 28
Trade Indemnity	Mar. 13

Lilley buys Hatfield Estates in £17.5m deal

By Andrew Taylor, Construction Correspondent

LILLEY, the Glasgow-based construction company, which has been revitalised following its rescue from bankruptcy three years ago, is buying Hatfield Estates, the Hertfordshire-based contractor and property developer, for £17.5m.

Lilley is offering 230p for each Hatfield share or 77 shares for every 20 Hatfield shares with an equivalent loan stock offer.

Directors of Hatfield, and their family trusts, controlling 87.4 per cent of the shares, have agreed to accept the loan stock and share offers.

Lilley has been seeking to expand its contracting operations away from its home base of Scotland and northern England. Last year it narrowly failed to gain control of Tilbury, a rival building group.

Mr Bob Rankin, chief executive, said the purchase of Hatfield would take the group into the home counties. It had already expanded into the Midlands following the purchase 12 months ago of Standen, the Nottingham-based housebuilder and construction group.

"We virtually now have national coverage as a contractor," he said.

Hatfield shareholders will also receive a special dividend of 15p at a cost of a little more than £1m on the offer becoming unconditional. The offer represents 9.9 times Hatfield's after tax profit for the 12 months to August 31 1989.

Hatfield's pre-tax profits for the year were £2.6m from sales of £16.4m. Almost 60 per cent of gross profits came from the company's contracting operations. The remainder was from commercial property development.

Hatfield operates in north east, north west, and south west London and has no exposure to the private housing market.

Mr Rankin said the business had grown as far it could without a further injection of funds from outside the company. Senior executives running Hatfield would continue to run the business and would receive substantial incentive payments if certain targets were achieved.

Pall Mall hits out sharply at Laing Properties performance

By Nikki Tait

PALL MALL Properties, which is waging a £441m bid battle for Laing Properties, yesterday delivered a sharp attack on its target's performance, citing a property sector ranking table compiled by UBS Phillips & Drew two months ago.

It also made play of the increased debt levels at Laing and "drew shareholders' attention" to new service agreements with senior executive directors, which were signed after the bid contest started.

However, the bidder – which represents shipping to construction group P&O, and Chelsfield, a private company controlled by Mr Elliott Bernerd – revealed only minimal acceptances at yesterday's first closing date.

It said that investors speaking for only 0.16 per cent of the ordinary shares and 0.37 per cent of the convertible stock had accepted by yesterday. Once shares owned by the bidding parties are added in, Pall Mall said it controlled 23 per cent of the ordinary shares and 13.8 per cent of the convertible stock.

The offer has now been extended to March 19. Pall Mall also took the opportunity to introduce a loan note alternative to its all-cash offer. Shareholders can opt for £1 nominal of loan notes for every £1 of cash under the ordinary or convertible offer. The loan notes carry interest at ½ per cent below the London Inter-bank Offered Rate (LIBOR).

Pall Mall quoted from a performance guide published by P&D – which has since been taken on by the Laing defence – on December 29. It noted, for example, that Laing's compound growth in net asset value and net dividends per share over the past five years ranked it 25th out of 25 companies and 26th out of 27 in the sector.

Laing's advisers, however, retorted that it was "disingenuous" to cite figures based on 1988 results, and dismissed the document generally as "puerile". It has already said that an up-to-date valuation will be published shortly.

In the document, Pall Mall also pointed to Laing's "increasing debt burden", which it notes has gone up from £100m in 1986 to £500m, and could be higher if obligations on off-balance sheet joint ventures were added in.

And it noted the new service agreements signed in February for three Laing directors. Under these, for example, the pay of Mr Brian Chilver, chief executive, goes up from £150,000 to £170,000. Laing has said that the pay increases were agreed in principle on December 18, although not signed until last month.

Laing has itself announced a $21m land acquisition in Calgary, Canada. Control of a 1,200-acre property called Douglasdale Estates – a partially developed residential, commercial and industrial project – has been bought from a subsidiary of ICI. The partner is Freehold Title Development, also the project's development manager.

Engineer reverses into Dickie

By Jane Fuller

JAMES DICKIE, the loss-making Scottish forgings and castings manufacturer, is to acquire Goldstar, a larger engineering concern, in what amounts to a reverse takeover by the private, Luton-based company.

The all-share deal values Goldstar at £7.8m, based on a price of 180p each for the 4.3m Dickie shares being issued to make the acquisition. That was the price on December 29, when Dickie's shares were suspended pending the deal.

The new block of shares will represent 70 per cent of the enlarged share capital of Dickie after the acquisition.

The Goldstar move has quelled a shareholder rebellion against the Dickie board. The dissidents were led by Specialist Holdings, part of a concert party speaking for 22.4 per cent of Dickie's shares.

Specialist Holdings, which is headed by Mr Keith Daley and has packaging and property interests, had wanted to remove three board members and replace them with its nominees.

As well as announcing the proposed acquisition yesterday, Dickie reported a pre-tax loss of £180,000 for the year to October 31, compared with a deficit of £340,000 last year. Turnover grew by £300,000 to £5.62m.

When combined with Goldstar, the group's annual pro forma turnover for the last financial year would have been about £28m, while combined net assets are put at £2.5m.

Goldstar, in which the principal shareholder is Mr Joe Grimmond, made pre-tax profits of £970,000 for the year to August 31. Its activities include making components and providing engineering services for heavy vehicles, construction equipment, machine tools and other plant. Its biggest customer is Caterpillar (UK).

An application is being made to deal in the ordinary shares on the USM, following the approval of the acquisition by an egm. The directors expect dealings to commence on March 20.

Capita plans purchases as profits improve 74%

CAPITA GROUP, engaged in public sector management services, returned profits of £1.3m pre-tax for 1989, an improvement of 74 per cent over the previous year's £745,000.

The group obtained a USM quote last April. Since then it has tucked three purchases under its belt and is reviewing further acquisitions.

Mr Rod Aldridge, chairman and chief executive, said Capita had moved into the new year with a strong management structure and a group of companies capable of significant organic growth.

Turnover expanded from £4.3m to £6.88m. Earnings emerged 3.74p ahead at 10.39p and, as forecast in the prospectus, a recommended final dividend of 1.7p makes a 2.5p total.

Profits were struck after deducting administration expenses of £2.47m (£1.75m) and adding in a £198,000 (£64,000) share of associated company profits.

Burford leaps 80% to £2.3m

Burford Holdings yesterday revealed a near-80 per cent improvement, from £1.28m to £2.29m, in pre-tax profits for 1989.

Turnover was up from £12.72m to £20.11m and there was a surplus on realised investment property of £6.59m (£88,000). Earnings per share were 1.1p (1.6p) after a tax charge of £912,000 (£476,000). The final dividend is 0.35p making a total of 0.65p (0.5p).

Net asset value per share at the year end was up from 49.5p to 56.4p.

Utd Newspapers £12m US trade show expansion

By Jane Fuller

United Newspapers, publisher of the Daily and Sunday Express and the Daily Star, has strengthened its hand in the trade show business with the purchase of four US computer exhibitions.

Miller Freeman, its US subsidiary, has paid $19.5m (£12m) for three established shows, DEXPO East, South and West, and one being launched this year, called Midrange World. The vendor is Expoconsul of Princeton, New Jersey.

The DEXPO shows feature Digital Equipment Corporation computers and compatible equipment, while the new event centres on the IBM AS400. This year's projected pre-tax profits amount to $2.75m.

Mr Clifford Jakes, managing director (publications) for United Newspapers, said the move would expand Miller Freeman's annual trade show schedule to 15 and enhance its activities in the computer and electronics market, where it publishes nine US magazines.

United Newspapers, which owns MGB Exhibitions in the UK, has two other US show management companies and says it is the third largest shows operator in the US.

This is the group's second acquisition this year of an overseas exhibitions concern. In January it paid up to £24m for Expoconsult, based in the Netherlands. Mr Jakes said the exhibitions had a lot of potential and complemented the group's publishing interests.

Cresta more than doubles to £6.66m

Cresta Holdings, the Isle of Man-based group which last year reorganised its activities to concentrate on the care sector, yesterday unveiled profits more than doubled in 1989.

On group turnover ahead a modest 13 per cent to £47.14m, pre-tax profits amounted to £6.66m, up from £3.31m in the previous 12 months.

Unlike some other companies in the care sector, Cresta, through its core CrestaCare operation, concentrates on new purpose-built nursing homes, believing conversions to be inflexible and likely to encounter difficulties in meeting regulatory standards.

CrestaCare achieved profits of £824,000 (£515,000) in the year, on turnover of £2.38m (£2.71m).

Mr John McAllister, group managing director, said: "The focus on CrestaCare will provide for continuing growth in net assets as well as building up a very high quality earnings stream in a growth area in which we have already established a sound base and proved our expertise."

After tax of £1.02m (£679,000), earnings per 10p share edged ahead from 12p to 12.2p. A proposed final dividend of 1.2p lifts the annual total to 1.8p (1.5p).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Burford	fin	0.35	-	0.261	0.65	0.5
Capita §	fin	1.7	-	-	2.5	-
City & Comm Inv	fin	4.31	Mar 31	3.455	7.75	6.435
Cresta	fin	1.2†	May 1	1	1.8	1.5
Green (Ernest) §	int	2.75	Apr 27	2.25	-	6.25
Jourdan (Thomas)	fin	4.1†	-	4.1	5.6	5.6
Needler §	fin	7.31♥	-	6.8	10.46	9.8
Persimmon	fin	4.5	-	3.5	6.5	5
Ransomes	fin	4.2	May 1	3.75*	6.15	5.5*
Serco	fin	6.5	Apr 26	5‡	9.5	5‡
Thorntons	int	1.1	-	0.82‡	-	2.5
Unidare	fin	10.05♣	-	9.35	13.8	12.7

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ‡For eight-month period from the listing of the shares. ♣Irish currency throughout. ♥Canadian dollars throughout. ‡For 32 weeks.

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Bovis
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Bovis Construction Ltd, Bovis House, Northolt Rd., Harrow, Middx. HA2 0EE. P&O

Notice of Redemption
to the holders of

International Standard Electric Corporation

12% Sinking Fund Bonds Due 1996

NOTICE IS HEREBY GIVEN, that further to our notice of 22nd January, 1990 and, pursuant to the provisions of the Indenture dated 15th March, 1984 (the "Indenture"), between International Standard Electric Corporation and Bankers Trust Company, Trustee, that $10,954,000 principal amount has been selected by the Trustee for Redemption on 15th March, 1990 at the principal amount thereof in accordance with the Sinking Fund provided for in Section 3.06 of the Indenture.

The following are the serial numbers of the further Bonds which will be redeemed in whole:

203	9345	16519	23624	39940	48639	59354	67755
1159	9727	16654	24175	40689	48681	59796	68121
1698	9811	16824	24305	41228	48881	60259	68289
2121	9915	16974	25074	41452	49331	60527	68345
2347	9923	17086	25172	41547	49348	60605	68512
2642	10024	17270	25434	41890	49469	61090	68656
2680	10851	17466	25506	41925	50859	61290	69041
2683	10916	17778	25779	42530	51051	61349	69392
2807	10976	17969	26955	43027	51705	61561	69998
2885	11376	17987	27063	43375	51738	62317	70374
2963	11963	18097	27868	44520	51792	62775	70396
3230	12416	18611	30848	45130	52249	63549	70526
3384	12807	19070	31387	45171	52772	64051	71027
4294	12852	19199	32290	45475	52795	64304	71028
4543	12866	19278	32851	45616	52924	64451	71656
4667	12872	19449	33475	45630	53220	64522	72159
4781	13595	20109	34220	45744	53612	65047	72301
4984	13741	20604	34785	45845	53665	66124	72310
5387	14074	21027	35299	45909	53666	66147	72454
5779	14203	21134	35587	46232	53994	66187	72678
6142	14210	21688	36351	46735	57589	66260	72695
7209	14719	22414	36667	46855	57683	66291	72925
7688	15015	22962	36966	47174	57996	66810	73381
7737	15068	23108	37535	47429	58216	66827	73739
8490	15359	23404	37623	47464	58655	66997	73744
8523	15849	23439	37813	47601	58728	67001	74309
9197	16197	23570	38046	47802	58742	67477	74731

Accordingly, on 15th March, 1990 the Bonds so designated for redemption will become due. Payment will be made upon presentation and surrender thereof of the above Bonds at one hundred per cent (100%) of the principal amount thereof in United States Dollars, at the option of the holder, subject to any applicable laws or regulations in the country where each of the following offices are located, at the City Offices of Bankers Trust Company in London, at the main office of Bankers Trust Company in Paris, at the office of Bankers Trust GmbH in Frankfurt, at the office of Banque Indosuez Belgique Brussels, (formerly Banque du Benelux S.A. Brussels), at the office of Banque Générale du Luxembourg S.A. in Luxembourg or at the office of Swiss Bank Corporation Basle.

The redeemed Bonds should be presented with all Coupons maturing after 15th March, 1990. Coupons maturing on 15th March, 1990 and prior thereto should be detached and surrendered for payment in the usual manner. From and after 15th March, 1990 interest on redeemed Bonds will cease to accrue.

International Standard Electric Corporation

By Bankers Trust Company, Trustee.

6th March, 1990

UK COMPANY NEWS

Better-than-expected performance helped by strong property contribution

Ransomes' advance to £14.4m pleases City

By David Owen

RANSOMES, the grass-cutting machinery manufacturer whose £9m purchase of Westwood has been referred to the Monopolies and Mergers Commission, yesterday reported a 9 per cent improvement in 1989 pre-tax profits in spite of unfavourable weather conditions and the impact of the consumer spending downturn.

The result was interpreted favourably by the market with the shares rising 13p to 170p.

The better-than-expected performance partly reflected a strong property contribution. In all, pre-tax profits for the year to December 31 increased to £14.4m from £13.23m a year earlier.

Turnover surged 37 per cent to £126.6m with the gain due entirely to growth in western Europe (excluding the UK) and North America.

The European advance was attributed partly to the effect of the purchase of Toulouse-based Granja in December 1988 and partly to organic growth.

US sales were bolstered by the addition of Cushman Group, bought last August for $150m. Cushman figures were included for the final three months.

UK sales, by contrast, fell from £45.2m to £42.7m in spite of the inclusion for three months of turnover from Westwood, the garden tractor-maker.

Mr Bob Dodsworth, chief executive, said that the decline was indicative of the difficult conditions encountered in the UK consumer sector.

Ransomes is highly geared at 116 per cent, with net debt of £69m. The group is aiming to reduce this to less than 100 per cent during the course of this year.

"We have continued to generate cash very steadily", Mr Dodsworth said. Interest cover stands currently at between three and four times.

Last month Ransomes finally withdrew from farm machinery production, following the sale of its activity to Electrolux in November 1987.

Following a significantly lower tax charge of £3.92m (£4.51m) fully diluted earnings for the year rose by 10 per cent to 17p.

Bob Dodsworth: continuing to generate cash very steadily

A final dividend of 4.2p (3.75p) makes a 6.15p (5.5p) total.

COMMENT

Although it has not escaped unscathed, Ransomes appears to have positioned itself well to avoid the worst of the carnage resulting from the UK consumer spending downturn. Commercial sales remain strong – not least because of the rising popularity of golf-courses – and the consumer division should be operating from a significantly lower cost-base following the expeditious integration of the Mountfield and Westwood operations. In any case, an ever-increasing proportion of sales are derived from overseas. With a 12-month contribution from Cushman, this figure should attain 70-75 per cent in the year ahead. A further boon is that neither the low tax-rate nor the high property contribution of £6m to operating profit are likely to be one-offs.

On the other hand, the group's high gearing (albeit with debt exposure largely in dollars) will need to be watched carefully. The MMC referral provides a further element of uncertainty. All told, pre-tax profits of £23m on significantly higher turnover should be within range, putting the shares on an undemanding prospective p/e of just above 8.

Mayflower puts Tri-ang up for sale

By Vanessa Houlder

TRI-ANG Toys, one of the most famous names in the UK toy industry, is up for sale.

Founded at the turn of the century by the three Lines brothers – whose surname inspired the brand name – the Manchester-based manufacturer of pedal cars, tractors and tricycles became one of the largest toy companies in the world in the 1950s.

But the business went into decline and in 1971, Lines Brothers, which included Tri-ang and Meccano toys and Pedigree prams, went into voluntary liquidation. Tri-ang Pedigree was bought by Mr John Bentley's controversial Barclay Securities, which was accused of asset-stripping after a land sale followed a factory closure and large-scale redundancies.

By the end of the 1980s, the loss-making toy business had become part of Triangle Trust, which also contained Carterbench, an advertising and product design group and Elliott Bayley, a financial services business.

The most recent chapter in the company's history was opened last summer, when Mayflower, a fabrics, packaging and direct marketing group staged a reverse takeover.

Since then, they have rationalised the product range, withdrawn from the pram business and stopped manufacturing, reducing its factories from three to one, which is an assembly plant. "We could no longer compete by manufacturing the whole range of different parts without major reinvestment," said Mr John Simpson, chief executive of Mayflower.

The business, which has sales of about £10m, has returned to profit in the last two months. It is expected to improve its performance this year, but Mayflower considers that it would do better if it was in a company more closely associated with the toy industry.

Mayflower, which will retain Elliott Bayley and Carterbench is seeking more acquisitions within its manufacturing and marketing services businesses.

Thorntons profit growth slowdown

By Jane Fuller

THORNTONS, the chocolate maker and retailer, saw its pre-tax profits growth slow to nearly 5 per cent for the 28 weeks to January 6.

The profit figure of £7.18m compared with £6.86m for the 32 weeks to January 7 last year. Turnover increased by 9 per cent to £48.24m (£39.54m). On a 28-week comparison, sales advanced by 18 per cent.

Turnover was pushed up by shop openings and new franchises, and by an initial £2.4m from the Candice confectionery business in France, bought last September.

But progress was partly melted away by the hot summer, estimated to have detracted £600,000 from sales, and by interest-rate-soured shoppers shying away from the high street.

Mr John Thornton, chairman, said the effects had been partly mitigated by the resilience of the company's "low ticket" lines and by a good, if "late", Christmas.

Overall, the operating margin was down from 15.8 to 15.1 per cent. With nearly 70 per cent of sales coming from the Thorntons retail/franchise operation, increased overheads such as rents and wages had sapped progress.

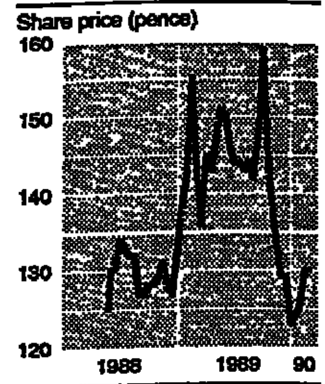
Better profit performances came from supplying chocolates to other retailers and from the Belgian subsidiary, Gartner Pralines.

But the French operation, comprising 64 shops in Paris, Normandy and Brittany, made no profit. Some shops and the expensive head office were being sold, said Mr Thornton.

With the total number of shops in the group up from 332 last June to 430 in January, the rate of openings was being slowed – at least until opportunities arose to snap up empty high-street premises at favourable rates.

Thorntons

Share price (pence)



The company was striving to improve productivity, which had advanced by 9 per cent in the first half.

Earnings per share rose to 7.25p (6.93p), while the interim dividend goes up to 1.1p from 0.82p.

● **COMMENT**

After increasing profits by more than 33 per cent in its first full year (albeit a 56-week one) since flotation, Thorntons has run into stickier times. Some analysts suspect the company is more vulnerable to discretionary spending than it likes to think and are sceptical about the French move. A sweeter view is that further productivity gains are due and that France will show considerable improvement over the next 12 to 18 months. Rationalisation moves there seem encouraging, but a more mouth-watering question is how will the French take to the UK-made choccies? Full-year profit forecasts range from £10m to £11m, including several hundred thousand from property sales, giving a prospective multiple of about 12. The share price closed at 129p compared with 125p at the May 1988 flotation.

Bull

1989 FINANCIAL RESULTS

The consolidated results of Bull have been presented to the Board of Directors of the Compagnie des Machines Bull (CMB). In 1989, Bull achieved consolidated revenues of FF 32.7 billion, representing a 4 % growth compared to 1988. Nearly two thirds of Bull's revenue (62.6 %) were achieved outside France, representing FF 4.2 billion in exports.

The results do not include the revenues of Zenith Data Systems, the new micro-computer division of Bull, acquired at the end of December from Zenith Electronics Corporation.

The profits of most major information systems manufacturers were hit hard in 1989 as a result of several factors, including increased worldwide competition, particularly in Europe, a slowdown in the US market and a rapid growth of the standard systems market, which generated small margins.

While the operating result is positive, the company's consolidated net result shows a loss of FF 267 million, as compared with a profit of FF 303 million in 1988.

This net result includes a FF 405 million provision for restructuring, covering essentially the recent operating and distribution workforce reduction at Bull SA, in order to adapt the company to the new market environment.

"Our priority remains to invest to support the implementation of our long term strategy", declared Francis Lorentz, Chairman & CEO of CMB."Our industrial and commercial investments have increased by 6 % in 1989 to reach FF 1.8 billion including an increase of approximately 16 % in France. More than 11 % of Bull's revenues were used for R & D in 1989. With Zenith Data Systems this figure will approach FF 4 billion in 1990."

Compagnie des Machines Bull's capital was increased by FF 965 million in 1989, mostly subscribed to by the French State.

Avena claims future for Runciman is 'uncertain'

By Clare Pearson

SHAREHOLDERS IN Walter Runciman should escape from an "uncertain future" by exchanging their holdings for the 520p per-share cash on offer from Avena.

This is what the Swedish security equipment, construction and property company urged in the formal document presenting the case for its £47.8m offer – the second hostile bid to be faced by Runciman, a shipping and security equipment and insurance company, within two years.

Avena claimed that the potential for continuing the earnings growth achieved by Runciman over the last five years was limited. Earnings had benefited, it said, mainly from reorganisation, the disposal of underperforming businesses and the upswing in the shipping market.

"Over the last five years the size of Runciman's operations has already declined by 49 per cent in terms of turnover. Furthermore, the outlook for the shipping market is uncertain," Avena said.

The document was posted yesterday as Runciman itself announced that it expected to realise at least £8.2m by the end of 1992 through the sale and redevelopment of a Hertfordshire site being vacated by part of its security division.

Runciman has agreed with John Laing, the construction company, to relocate its John Tann security engineering operation to a new factory to be developed by Laing Properties. At the same time, it will sell the existing site to Laing and they will jointly redevelop it.

It expects to receive a minimum of £8.2m, comprising £7.2m for the purchase of the site, and accrued interest of £1m assuming the site is vacated in July next year and letting completed by September 1992.

Shares in Runciman closed 5p down at 530p yesterday. Avena holds a 28.5 per cent stake which it acquired in December, from Telfos, the UK engineering company which unsuccessfully bid for Runciman in 1988.

Enskilda Securities, acting for Avena, yesterday said that the Swedish group would be under no pressure to sell any part of Runciman to relieve indebtedness, if its bid, mainly to be financed by a £40m loan facility, were to succeed.

Mr Hans Eliasson, Avena's chairman, has stated that, if successful, he would not sell Runciman's liquid gas carriers operation even though Avena was originally attracted to its Tann International security equipment business.

The Swedish company's offer *document shows that* Avena, which changed shape last year when it bought the outstanding 60 per cent of Rosengrens, its security equipment arm, had borrowings of SKr3,214m (£320m) at the end of December 1989.

Accounts for the last financial year are not yet available. Pro-forma profits for 1988, before appropriations to untaxed reserves and tax, were about £6.6m.

Serco dips to £3.61m in first full year

In the first full year since its listing, Serco Group, the task management contractor, suffered a £100,000 drop in pre-tax profits to £3.61m.

However, stripping out last year's exceptional credit of £701,000, profits advanced by £607,000. Turnover for the 12 months to end-December 1989 increased to £58.62m (£47.09m), leaving gross profit at £9.05m (£7.31m).

Earnings per share slipped to 25.6p (27p) at the basic level and to 24.1p fully diluted. The directors recommended a final dividend of 6.5p making 9.5p for the year. This compares with the 5p paid in respect of the eight-month period from the listing in 1988.

Record posts Easterbrook Allcard offer document

By Clare Pearson

RECORD HOLDINGS, the power tool manufacturer, yesterday posted to shareholders in Easterbrook Allcard the formal offer document in its £13.2m cash "white knight" bid for the privately-owned Yorkshire cutting tools concern.

Record's bid for control of Easterbrook comes against a background of protracted legal actions concerning the validity of powers of attorney given by certain Easterbrook shareholders to a Sheffield solicitor to accept an earlier, £11.5m contested offer from James Wilkes, the engineering and packaging company.

It was decided in the High Court last week to send for trial the disputed powers of attorney, which are cover almost 10 per cent of the shares. No date has been set.

In Record's offer document, Mr Herbert McGee, Easterbrook's chairman, says: "Whilst your board is sorry that, after some 150 years, Easterbrook Allcard should have to lose its independence, it is pleased with the prospect of being part of the Record group, another fine Sheffield company with a close understanding of the tool industry."

Without the disputed shares, irrevocable undertakings to accept Wilkes' bid stand at a little more than 40 per cent; a slightly higher proportion than that which Record can claim in shares owned or irrevocably accepted.

Gandalf losses rise

Second quarter operating losses of Gandalf Technologies, a provider of computer communications solutions to end-users, surged from £47,000 to £3.18m. Turnover for the 13 weeks to January 27 was little changed at £20.22m (£21.6m). There was a £2.28m (nil) write-down of investments.

6 March, 1990

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange") It does not constitute an invitation to the public to subscribe for or purchase any shares.

Application has been made to The Stock Exchange for the grant of permission to deal in the Ordinary Shares of Dakota Group plc ("the Company") on the Unlisted Securities Market ("the USM") in Dublin and London. It is emphasised that no application has been made for these shares to be admitted to Listing.

DAKOTA GROUP plc

(Incorporated and Registered in Ireland under the Companies Acts, 1963 to 1986, Registered Number 123417)

Placing

in connection with admission to the USM

arranged by

ICC CORPORATE FINANCE LIMITED

through

J&E DAVY AND WILLIAMS de BROË LIMITED

of

2,590,176 Ordinary Shares of IR25p each at IR48p per share

SHARE CAPITAL

Authorised IR£10,000,000 — *Issued and to be issued fully paid* IR£6,750,000

BUSINESS

The Company is one of the leading manufacturers in Ireland of high quality print and packaging products. The activities of the Company and its subsidiaries are diverse and include the printing and manufacture of cartons for companies in the healthcare, pharmaceutical, computer and tobacco industries. The printing subsidiaries are involved in the printing of technical manuals as well as general printing for advertising agencies, banks, insurance companies and semi-state organisations.

Particulars of the Company are available in the statistical services of the Extel Unlisted Securities Market Service. *Copies of the Prospectus may be obtained during normal business hours on any weekday (Saturdays and public* holidays excepted) up to and including 20 March, 1990 from ICC Corporate Finance Limited, J&E Davy and Williams de Broë Limited at the addresses below and from the Company Announcements Office, The Irish Stock Exchange, 28 Anglesea Street, Dublin 2, and The Stock Exchange, 46 Finsbury Square, London EC2A 1DD, England, up to and including 8 March, 1990.

ICC Corporate Finance Limited, 31/34 Harcourt Street, Dublin 2.

Williams de Broë Limited, 6 Broadgate, London EC2M 2RP, England.

J&E Davy, Davy House, 49 Dawson Street, Dublin 2.

York Water seeks plc status

By Andrew Hill

YORK Waterworks Company is to seek shareholder approval to change from a statutory company to a public limited company, and reorganise its complex share structure.

Holders of about 71 per cent of the voting stock, including significant institutions, have committed their shares to the proposals or indicated that they will support the plan.

York said it hoped the rights of existing stockholders would be reflected in the new capital structure. The water company needs to win the approval of 75 per cent of the shares voted before it can carry out its plans.

Equity & Law Life Assurance Society owns some 25 per cent of York, and is believed to support the conversion proposals. In the last 18 months, the institution, which used to have a range of statutory water company investments, has often found itself in a key position as French water suppliers have launched successful bids for 12 of the statutory water companies.

Several statutory companies have converted to plc status since the introduction of the 1989 Water Act, which laid the foundations for the privatisation of the 10 much larger water authorities in November.

Conversion enables the 29 statutory water companies, which have always been part of the private sector, to remove dividend and voting restrictions, opening up wider sources of capital funding.

Camford Eng rejects offer from Markheath

Camford Engineering, which is subject to a hostile £63.8m bid from Markheath Securities, has responded to the property developer's speedy release of its formal offer document by writing to shareholders advising them to ignore the proposed deal.

The letter from Mr Brian Cox, Camford chairman, describes the Markheath offer as wholly inadequate, adding that it "in no way reflects the company's underlying value or its excellent prospects".

Markheath is "irrelevant" to Camford's motor-component manufacturing business, the document continues.

Colonnade liquidation plans blocked at egm

By Andrew Bolger

COLONNADE Development Capital, the investment trust run by British and Commonwealth, yesterday had plans to liquidate the fund blocked at an extraordinary general meeting.

Stratagem Group, the investment company which has tabled a hostile 163p per-share cash bid for Colonnade, successfully voted against a proposed capital reduction, the first stage of Colonnade's self-liquidation.

Stratagem has extended its £8.24m offer until Friday. It claimed acceptances for its offer from 51 per cent of Colonnade shareholders by the first closing date on February 21.

However, the Stock Exchange's committee on quotations decided that Stratagem should not exercise voting rights in respect of 23 per cent of the equity until the purchase of such shares had been approved by its shareholders. This approval was obtained by Stratagem at an egm held an hour before the Colonnade meeting.

Mr Bernard Kerrison, Stratagem chairman, yesterday urged the remaining shareholders to accept his offers.

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an invitation to the public to subscribe for, nor purchase, any securities. The Council of The Stock Exchange has granted permission for the Stock mentioned below to be admitted to the Official List subject to the posting of the Rule 520 Notice. It is expected that dealings in the Stock, nil paid, will commence at 9.00 a.m. on Tuesday, 6th March, 1990.

GESTETNER

GESTETNER HOLDINGS PLC ("Gestetner")
(Incorporated in England and Wales, registered number 178970)

Issue of up to 37,219,446 units of Non-Interest-Bearing Convertible Unsecured Loan Stock 1990 of 180 pence each, payable in two instalments (the "Stock")

Gestetner is the holding company of a group which is primarily engaged in the distribution, supply and maintenance of advanced office equipment such as photocopiers, copy printers, facsimile machines and laser printers through a worldwide distribution infrastructure which extends to over 100 countries.

Details of the Stock are available in the new issue cards circulated in the Extel Statistical Services and copies of the Listing Particulars relating to the issue have been published and are available in the Extel Statistical Services. Copies may be obtained during usual business hours up to and including 8th March, 1990 from the Company Announcements Office at 46-50 Finsbury Square, London EC2A 1BD and during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 26th March, 1990 from Gestetner Holdings PLC, 66 Chiltern Street, London W1M 2AP and from:

J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS

James Capel & Co. Limited, 7 Devonshire Square, London EC2M 4HU

6th March, 1990

J. Henry Schroder Wagg & Co. Limited and James Capel & Co. Limited are both members of The Securities Association.

U.S. $125,000,000

GREAT LAKES FEDERAL SAVINGS

Collateralized Floating Rate Notes Series A due December 1997

In accordance with the provisions of the Notes, notice is hereby given that for the three months Interest Period from March 6, 1990 to June 6, 1990 the Notes will carry an Interest Rate of $8\frac{13}{16}$% per annum. The interest payable on the relevant payment date, June 6, 1990 will be U.S. $2,252.08 per U.S. $100,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A. London, Agent Bank

March 6, 1990

CHASE

SGA Société Générale Acceptance N.V.

Japanese Yen 10,000,000,000 14.36 per cent Nikkei-Linked Variable Redemption Amount Guaranteed Notes due 1991

Unconditionally and irrevocably guaranteed by Société Générale

For the three months 28th February, 1990 to 30th May, 1990 the Notes will carry an interest rate of 7.4375% per annum with an interest amount of JPY1,880,035 per JPY100,000,000 Note, payable on 30th May, 1990.

Bankers Trust Company, London Agent Bank

LIVES LIMITED
(Incorporated with limited liability in the Cayman Islands)
U.S.$150,000,000
Secured Floating Rate Notes due 1992

Interest Rate 8.5625%. Interest Period March 5, 1990 to September 4, 1990. Interest Payable per US$100,000 Note US$4,352.60.

March 6, 1990, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

Bank of Ireland

U.S. $300,000,000

Undated Variable Rate Notes

Notice is hereby given that the Rate of Interest has been fixed at 8.85% and that the interest payable on the relevant Interest Payment Date June 5, 1990 against Coupon No. 3 in respect of US$100,000 nominal of the Notes will be US$2,261.67.

March 6, 1990, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

Notice

U.S. $500,000,000

Goldman, Sachs & Co.

Floating Rate Notes due December 1990

Notice is hereby given by Goldman Sachs International Limited as Calculation Agent for the Floating Rate Notes due December 1990 of Goldman, Sachs & Co. that the sixth Interest Payment Date (as defined in such Notes) shall be June 5, 1990 and the Rate of Interest for the sixth Interest Period (each as defined in such Notes) shall be $8\frac{21}{32}$%. This results in an interest payment of U.S. $2,188.19 for each U.S. $100,000 principal amount of Notes.

March 6, 1990

THE HEALEY & BAKER VIEW

New openings in Europe.
Which way will the real estate market go?

With barriers of all kinds being removed throughout Europe, the real estate market is already seeing a dramatic increase in international activity.

At its simplest, the creation of the single European market should enable international players to purchase, let and sell real estate in any EEC country according to the same rules.

The Healey & Baker view, however, is that the situation is considerably more complicated.

1992 will not instantly bring common rules. Any serious occupier or investor should be working closely with real estate consultants who have both impeccable local knowledge and a truly international perspective.

In the words of James Hollington of Healey & Baker:

"Having recently commissioned a major survey on location selection in Europe, I believe we have a deeper insight into the real effects of a changing Europe than any of our competitors."

To find out more, contact James Hollington at 29 St George Street, Hanover Square, London W1A 3BG or by telephone on +44 1 629 9292. The Healey & Baker view could dramatically change the way you look at real estate.

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UK COMPANY NEWS

Spending slowdown forces 27% decline at Jourdan

By Clay Harris, Consumer Industries Editor

THOMAS JOURDAN, the consumer products group with interests from trouser presses to timber-framed conservatories, saw pre-tax profits fall by 27 per cent to £2.11m in 1989 as the slowdown in spending affected every part of its business.

The decline from £2.87m came on turnover 4 per cent down at £29m (£30.2m). The final dividend is maintained at 4.1p, for an unchanged total of 5.6p, even though cover fell to less than 1⅕ times on earnings per share of 8.47p (12.4p).

Mr Keith Whitten, chairman, said all divisions had traded profitably because fixed costs had been cut in response to a sudden period of destocking at mid-year.

The current year was likely to be just as difficult but Jourdan was reasonably confident because it had had time to plan.

He spelt out Jourdan's determination to establish itself in dominant positions in specialist markets: "A gross margin that doesn't begin with a 3 doesn't give any room for development. Net margins really ought to be in the teens."


Keith Whitten: all divisions had traded profitably

John Corby, the subsidiary which dominates the UK trouser press market, had increased its foreign sales and launched products priced above and below its standard press.

In addition to trouser presses, Jourdan manufactures fire surrounds, fitted kitchens, timber-framed conservatories and furniture fittings. It also supplies a range of cosmetic, artist and small industrial brushes and packs fixings and fastenings for DIY retailers.

An extraordinary debit of £274,000 reflected the loss on disposal of the Rochingham cot mattress and accessories business (including an undisclosed trading deficit) and the cost of closing a injection moulding plant.

Jourdan has appointed Lazard Brothers as financial adviser and will shortly make Kleinwort Benson Securities its stockbroker. Until now, both roles have been filled by UBS Phillips & Drew.

● COMMENT

Is the dividend yield of more than 10 per cent too good to be true? The market, burned by unexpected problems in 1989, doubts Jourdan's ability to maintain the pay-out if anything similar crops up this year. External shocks aside, Jourdan has costs under control and is confidently ploughing ahead with capital investment. Its gearing of 11 per cent poses no problems. The sluggish share price also recognises that Jourdan is relatively safe from takeover. Assuming pre-tax profits rise to £2.3m, the prospective p/e is 8.6. In addition to the attractive yield, a *shareholder perks scheme* gives discounts on everything from a £15,000 kitchen to a £100 trouser press, which some investors might find of interest. The caution seems to be overdone.

Another knock for Granada shares

By Nikki Tait

SHARES IN Granada, the leisure and broadcasting group, received their second knock in as many days when Mr Alex Bernstein, chairman, told shareholders that trading was still affected by weak consumer spending.

Amid yesterday's drab stock market conditions, Granada shares lost 7p at 291p. They were hit on Friday by a profit downgrading by analysts at Kleinwort Benson, losing 10p.

Mr Bernstein told shareholders at the company's annual meeting that TV advertising revenue had fallen by about four per cent – the first decline for several years. However, he added that overseas programme sales were buoyant.

The downturn in consumer spending had also affected some of the leisure activities, although bowling and dancing fared more happily and the TV *and video rental business* remained fairly resilient. The companies in West Germany and Canada were also facing strong retail competition.

With regard to the group's newest leg – business services – Mr Bernstein said that new business trends were generally encouraging but margins were being affected by the costs of improving systems and operations.

"Although trading conditions are difficult in some of the markets in which we operate, our companies are sound and will respond when the economic climate improves," he said.

Lincat 42% higher at £602,000

Lincat Group, the USM-quoted catering equipment manufacturer, reported pre-tax profits 42 per cent higher at £602,000, against £423,000, for the six months to end-December 1989.

Sales rose 25 per cent, from £4.77m to £5.96m.

Mr Martin Craddock, chairman, said the advance in earnings, up from 4.01p to 5.7p, was achieved in spite of worsening conditions.

Operating profits moved up from £474,000 to £701,000, reflecting an improvement from 9.9 per cent to 11.8 per cent in operating margins.

Tax took £211,000 (£152,000). The interim dividend is increased by 20 per cent from 1.5p to 1.8p per 10p share.

Sock Shop director quits for lack of role

By Maggie Urry

MR PETER Moss, corporate development director of Sock Shop International, has resigned, following the appointment of administrators two weeks ago.

Ms Sophie Mirman, Sock Shop chairman, said that there was no longer a role for Mr Moss since there was not much corporate development happening in the group at present.

The company is also changing its year-end from February to May this year. This is to help the administrators by giving more time before the balance sheet is struck.

Shares of the loss-making hosiery retailer have been suspended since before the administrators were appointed awaiting a refinancing package for the group.

Ms Mirman said she could not put a date on the refinancing but said talks were continuing and it would be arranged as soon as possible. She said that management and the administrators hoped that the period of administration would be as short as possible.

Ms Mirman could not comment on any compensation for Mr Moss, but said that he was not being made a scapegoat for the group's problems.

Goldberg calls in fashion guru to revamp Wrygges

By Maggie Urry

A GOLDBERG, the loss-making fashion retailer which recently announced 20 shop closures and 300 job losses, has asked Mr Jeff Banks, the fashion designer and television show presenter, to reposition Goldberg's Wrygges fashion chain.

The aim is to differentiate the stores from the competition by being more design-oriented.

A new range of men's and women's fashion wear will be launched in May in the 15 Wrygges stores and nine concessions remaining after the 18 store closures, which will be renamed.

Goldberg said it did not expect any major expense on new shopfitting. Mr Adrian Atkinson, chief executive, said he was sure "that this will help us to restore the group to profitability".

Tor net asset value rises to 1,232p

Net asset value per capital share of Tor Investment Trust was 1,232p in the second quarter ended January 31, against 1,168p twelve months earlier. However, assets of the income shares eased from 151p to 145.5p.

Net profit for the six months to end–January improved from £598,000 to £682,000. Earnings per income share improved from 14.78p to 16.87 while the capital shares rose from 1.478p to 1.687p.

The second interim dividend is 8p making 16p (8.25p). A total of 32p has been forecast.

Hunter Saphir to dispose of Northfleet depot for £4.5m

HUNTER SAPHIR has announced the proposed disposal of its Northfleet depot, part of the contract distribution division of Hunter Distribution, to Tibbett & Britten for £4.5m cash.

The sale is conditional upon the approval of Hunter Saphir shareholders at an egm.

Directors said the disposal reflected the strategy to focus group activities on the businesses of food manufacturing and fresh produce procurement and marketing.

They said that proceeds from this and other potential disposals would be used in the expansion of the group's flavourings, ingredients and other food manufacturing businesses both in the UK and on the continent.

It was actively pursuing a number of acquisition opportunities.

COMPANY NEWS IN BRIEF

ACSIS GROUP has expanded its specialist recruitment division through the acquisition of Nursing Management Services for £2.51m and will be subject to a clawback formula if NMS does not achieve a pre-tax profit of £525,000 for the year to March 31 1990. Consideration will be satisfied by the payment of £2.01m cash and the remainder by the issue of 625,000 new Acsis shares.

ALEXANDER (WALTER): Offer by Spotlaunch declared unconditional. Acceptances received in respect of 27.6m shares (97.38 per cent). Offer will remain open until further notice.

ALLIED TEXTILE: Recommended offer for Hugh MacKay declared wholly unconditional. Allied now owns or has received acceptances in respect of 5.77m ordinary (95.3 per cent). The offer remains open.

BENCHMARK: Investigative talks between boards of company and National Investment Holdings regarding the amalgamation of their stockbroking interests have terminated.

CONTROL TECHNIQUES has acquired Cranfield Precision Systems from Cranfield Precision Engineering for £5m.

FINITE GROUP: 3i has acquired a 23 per cent shareholding in company. The shares were purchased from Generics Strategic Investment Fund, Finite's current backer who, having set up its own computer consultancy, had a conflict of interest.

IEP FINANCE (Hong Kong) has, by the first closing date, received acceptances in respect of 198.46m GPG ordinary shares (61.32 per cent) and has declared the offer final.

JERMYN INVESTMENT is raising £3m via a placing with Drayton Consolidated Trust of 1m convertible cumulative preference shares at £3 apiece. Placing subject to shareholders' approval.

KODE INTERNATIONAL has agreed, subject to shareholder approval, to sell the computer distribution activities and certain of the assets of its subsidiary, Kode Computers, to Comart Systems for £1.2m.

MID-STATES has purchased the assets of General Auto Suppliers, comprising a warehouse and six retail stores, for about $3m.

ORCHID TECHNOLOGY has announced a strategic alliance with Wearnes Technology (Private), a subsidiary of Wearnes Brothers, based in Singapore. Wearnes has acquired 900,000 shares in Orchid (about 17.4 per cent) at a price of $2.35 per share.

TARMAC has agreed to purchase Rothwell Park Brick for £2.2m. This will be partly satisfied by the issue of new Tarmac ordinary shares and the remainder by a combination of cash and tarmac unsecured loan notes.

UNIDARE pre-tax profits fell from I£5.81m to I£4.12m (£3.9m) for 1989. Turnover increased from I£75.58m to I£96.51m and, after tax of I£1.03m (I£1.57m), earnings per share emerged at 22.63p (38.1p). The proposed final dividend is 10.05p making 13.6p (12.7p) for the year. There was an extraordinary loss of £1.25m (nil) relating to the closure of the transformer manufacturing plant at Finglas. This Dublin-based manufacturer of welding equipment said that the major decline in the value of sterling against the punt and the D-Mark created difficulties and a 10-week strike at the Finglas operation severely disrupted business at mid-year.

UNITED PLANTATIONS Africa: Loss R774,000 (£181,000) for year to December 31 1989. Profit R1.51m in previous year. Dividend 3.75 cents (5 cents). Loss per share 5.6 cents per share (earnings 9.8 cents). Turnover for year R22.83m (R22.68m).

WYNDHAM GROUP is to acquire the freehold of Churchill House, Cardiff for £10.1m cash, satisfied from the group's existing resources.

PUBLIC WORKS LOAN BOARD RATES

Effective March 1

Years	Quota loans repaid by EMP†	Quota loans repaid At††	Quota loans repaid at maturity§	Non-quota loans A* repaid by EMP†	Non-quota loans A* repaid At††	Non-quota loans A* repaid at maturity§
1			14½			15¼
Over 1 up to 2	14¼	14⅛	13¾	15¼	15⅛	14½
Over 2 up to 3	13⅞	13⅞	13¼	14⅞	14⅞	14
Over 3 up to 4	13⅝	13⅝	12⅞	14⅝	14⅝	13⅝
Over 4 up to 5	13⅜	13¼	12⅝	14⅜	14¼	13⅜
Over 5 up to 6	13¼	13	12½	13¾	13½	13
Over 6 up to 7	13	12⅞	12⅜	13½	13⅜	12⅞
Over 7 up to 8	12⅞	12⅝	12¼	13⅜	13⅛	12¾
Over 8 up to 9	12¾	12½	12⅛	13¼	13	12⅝
Over 9 up to 10	12⅝	12½	12⅛	13⅛	13	12⅝
Over 10 up to 15	12¼	12⅛	11½	12¾	12⅝	12
Over 15 up to 25	11¾	11¼	11	12¼	11¾	11½
Over 25	11⅛	11	11	11⅝	11½	11½

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

48.7 1989 Consolidated sales

BSN RISES

BSN reported today that consolidated sales for the year 1989 came to 48.7 billion French francs, compared with 42.2 billion francs in the previous year.

After adjustment of the 1988 figures to reflect the transfer of the Vandamme Pie Qui Chante subsidiary from the Grocery Products Division to the Biscuits Division, the sales breakdown by Division was as follows:

(millions of FF)	1989	1988
Dairy products	12,627	11,065
Grocery Products	9,936	9,177
Biscuits	11,119	8,275
Beer	6,188	6,260
Champagne, Mineral Water	4,230	3,476
Containers	5,557	4,997
	49,747	43,250
Internal transactions	(1,078)	(1,073)
GROUP	48,669	42,177

The 1989 figures reflect operations carried out during the year from the effective date of each transaction, i.e., acquisitions of the biscuit activities Belin in France, Saiwa in Italy and Jacob's in the UK; the pasta company La Familia in Spain; the Henninger Hellas brewery in Greece; and divestiture of the US unbranded biscuit activities.

In addition, it should be noted that:

— In the figures for 1989, sales of HP Foods, Lea & Perrins, Materne-Freibourg and Giralt Laporta are fully consolidated. These operations were acquired in 1988, and their sales were included in consolidated 1988 figures from the effective date of acquisition.

— The 1989 figures for the Grocery Products Division do not include sales of Botta, sold late in 1988.

In terms of unchanged exchange rates, structure and operations, the 1989 sales gains by Division were:

Dairy Products	12.6%
Grocery Products	6.8%
Biscuits	2.0%
Beer	7.6%
Champagne, Mineral Water	18.2%
Containers	5.0%
GROUP	8.0%

GROUPE BSN
IT'S EVERYTHING I LIKE

FRANCE'S LEADING FOOD AND BEVERAGE GROUP

US$125,000,000
First Chicago Corporation
Floating Rate Subordinated Capital Notes Due December 1996

Notice is hereby given that the Rate of Interest has been fixed at 8.625% and that the interest payable on the relevant Interest Payment Date, June 6, 1990 against Coupon No. 14 in respect of US$100,000 nominal of the Notes will be US$2,204.17.

March 6, 1990, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANK

NOTICE TO THE WARRANTHOLDERS OF

YUASA SHOJI CO., LTD.

U.S. $50,000,000
5½ per cent. Guaranteed Bonds due 1992 with Warrants to subscribe for shares of common stock of

YUASA SHOJI CO., LTD.

Pursuant to Clause 4(A) (ii) of the Instrument dated 15th September, 1988 (the "Instrument") relating to the above-captioned warrants (the "Warrants"), notice is hereby given as follows:

At the meeting of the Board of Directors of Yuasa Shoji Co., Ltd. (the "Company") held on 25th January, 1990, it was resolved that the Company issue new shares of its common stock ("Shares") to its shareholders of record as of 31st March, 1990 by way of a free distribution of Shares at a ratio of 0.1 Share for each Share held of record. Consequently, the Subscription Price of the Warrants will be adjusted as set forth below pursuant to Clause 3 (i) of the Instrument.

Subscription Price before adjustment: Yen 606.00
Subscription Price after adjustment: Yen 550.90
Effective date of adjustment: 1st April, 1990, Tokyo time

Dated: 6th March, 1990

YUASA SHOJI CO., LTD.
By: The Sumitomo Bank, Limited as Principal Paying Agent

BARCLAYS

BARCLAYS OVERSEAS INVESTMENT COMPANY B.V.

U.S.$350,000,000
Guaranteed Floating Rate Notes due 2004

Notice is hereby given that the Rate of Interest for the Interest Period from 6th March 1990 to 6th September 1990, is 8.5625 per cent per annum and that on 6th September 1990 the amount of interest payable in respect of each U.S.$5,000 principal amount of the Notes will be U.S.$218.82.

Barclays de Zoete Wedd Limited
Agent Bank

MEMBER AFBD

TIME TO BUY GOLD?

CAL Futures Ltd
Windsor House
50 Victoria Street
London
SW1H 0NW
Tel: 01-799 2233
Fax: 01-799 1321

SWITZERLAND

The Financial Times proposes to publish this survey on:

2nd April 1990

For a full editorial synopsis and advertisement details, please contact:

Patricia Surridge
on 01-873 3426

or Gunter Breitling:

Financial Times (Switzerland) Ltd,
15 rue du Cendrier, CH-1201 Geneva
Switzerland
Tel: (022) 7311604, Telex: 22589,
Fax: (022) 7319481

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

EUROPEAN OFFSHORE FINANCIAL CENTRES

The Financial Times proposes to publish a Survey on the above on

March 29th 1990

For a full editorial synopsis and advertisement details, please contact:

Henry Krzymuski or Gillian King

on 01-873 3000
or write to him/her at:

Number One, Southwark Bridge
London SE1 9HL.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

NATIONAL & PROVINCIAL BUILDING SOCIETY

Japanese Yen 10,000,000,000
Floating Rate Notes due 1995

For the six months
6th March, 1990 to 6th September, 1990

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 6.95 per cent. per annum, and that the interest payable on the interest payment date, 6th September, 1990 against Coupon No. 4 will be Yen 3,503,562 per Yen 100,000,000 Note.

The Industrial Bank of Japan, Limited
Agent Bank

Price Waterhouse in the German Democratic Republic

As one of the world's leading management consultancy firms, with over 6,000 consultants in 400 offices in more than 100 countries, Price Waterhouse can help you find solutions to business problems around the world.

In the light of the historic events taking place in Eastern Europe, Price Waterhouse has, over the last two years, opened offices in Prague, Warsaw, Budapest and Moscow. We help governments, state organisations and private enterprises from both East and West develop their business to meet international competition.

Our German Management Consultancy firm, Price Waterhouse Unternehmensberatung GmbH has now opened an office in Berlin, GDR.

If we can help you develop your business in the GDR, please contact us at the following locations:

Kilian Krieger or
Nicholas Dunning
Price Waterhouse Unternehmensberatung GmbH
Internationales Handelszentrum
Friedrichstraße
DDR-1010 Berlin
Telephone (00 37-2) 20 96 33 33/22 23
Telefax (00 37-2) 20 96 22 22
Telex 069 114 378 ihzb dd

At the Leipzig Spring Fair
(11 – 18 March)
Hall 16, Stand 17
Telephone (00 37-41) 8 10 36
Telex 069 512 423

Price Waterhouse
Unternehmensberatung

TECHNOLOGY

Lynton McLain looks at the cost savings from monitoring wear and tear on bearings

Systems to keep the ball rolling

Bearings may lack a certain romance. They represent the greasy side of industry and are often denigrated as Everyman's idea of traditional get-your-hands-dirty engineering.

Yet not only do they play a crucial role in most industries, but they have the potential to save billions of pounds in equipment and maintenance costs if monitored and cared for properly.

Every rotating piece of machinery, from a bicycle wheel to a multi-million pound gas turbine, has a bearing. Without bearings, such as ball and roller bearings, industry would grind to a halt.

Buried away in the heart of a machine, bearings are often ignored by management until they fail, which may well be an expensive, production-halting episode. Some plants, such as oil refineries, have hundreds of pumps and motors, all with bearings which can fail unpredictably if not monitored.

Mr Tony Herraty, manager of the maintenance support centre at bearing manufacturer SKF (UK), says: "Failed bearings are concentrated in industry, with a third of bearings failing from old age – fatigue of the rolling surfaces – a third failing through poor quality lubrication and the rest from ingestion of dirt."

However, new techniques for monitoring bearings and other equipment subject to wear, such as gears and seals, mean that they no longer need to fail without warning. Substantial savings are possible by careful attention to design, monitoring and planned replacement.

Failed bearings and other equipment subject to friction cost US industry at least $40bn a year, according to the journal Lubrication Engineering. In Britain, the last government study of the subject gave £515m as the annual savings to industry from the proper application of the principles of tribology, the study of friction, wear and the lubrication of interacting surfaces. But that cost estimate comes from the 1966 Jost report. According to the Treasury, the figure would be nearly £4bn at 1989 prices.

Bearings reduce the friction between the surfaces of rotating components, so they slip smoothly over each other. Their effectiveness rubs off in reduced maintenance costs, with longer life possible from bearings that are constantly looked after.

Bill Roberts, manager of the United Kingdom Atomic Energy Authority's National Centre of Tribology, at Risley, near Warrington, says: "The breakdown of bearings, which cost little, can lead to big incidental losses."

He says management has a "lack of understanding of the importance of bearings." Roberts compares the attitude of some managers towards the bearing with the careless horse owner who neglects his horse's feet. "It is a classic case of: for the want of a nail, the shoe was lost – and eventually the horse was lost."

For instance, on a North Sea oil rig in the mid-1980s, a large articulated bearing failed, resulting in total seizure followed by fracture. Part of the rig broke away and became a hazard to shipping. Its retrieval cost more than $1m.

Another example is given by a senior engineer from a company that rolls high-value titanium components for aerospace. The management refused to consider investing in monitoring equipment as a way of increasing bearing life and predicting failure. Eventually the bearings failed and the plant had to be shut down for a week while £13,000 worth of bearing housings were installed.

Roberts says that some of the most sophisticated monitoring of bearings is carried out on gas turbine aero engines. It is possible, for example, for wear to be detected initially on bearings in a British aircraft while it is in Australia. The continual monitoring process is precise enough to allow maintenance to be put off until the aircraft returns to the UK.

The techniques which permit this carefully planned and predictable maintenance, with no unexpected down time, involve monitoring vibration and the metallic debris shed by worn parts. *The methods are applicable* to industrial bearings.

The debris is often tiny, perhaps one micron across – a tenth of the diameter of a human hair – but it can be indicative of a problem in the making. It can be assessed using spectrographic analysis of the oil from the engine. The sample is heated, causing emissions at different wavelengths. Each element present gives its signature in the form of a particular wavelength.

The debris – usually iron, aluminium, chromium or copper – is likely to be present at the microscopic level of a few parts per million. The detection and measurement of chromium is a particularly sensitive indicator of bearing wear.

A second technique, ferrography, is suitable for monitoring slightly larger particles. Ferrography involves extracting magnetic debris from lubricant samples. Developed because of the size limitations of spectrographic analysis, it can detect particles in the range of one to 50 microns, or larger with *good* sampling techniques.

Ferrography can reveal changes in the distribution of particles and in their size. Les Hampson, senior engineering consultant to the National Centre of Tribology, says "numerical data on the quantity of debris, with emphasis given to increasing particle size, is the most suitable parameter for failure detection."

The technique is intended to show the changes in particle type and shape which occur when the mode of wear changes. It is a time-consuming process, however, and more appropriate to the analysis of failures that have already occured rather than to the detection of possible failures. Nevertheless, ferrography has shown up a dangerous level of wear prior to failure.

A third technique is magnetic chip detection, in which magnetic chip collectors pick up debris from circulating oil systems. This is the preferred method in the UK for monitoring oil-wetted components of aircraft engines and ancillary drive systems.

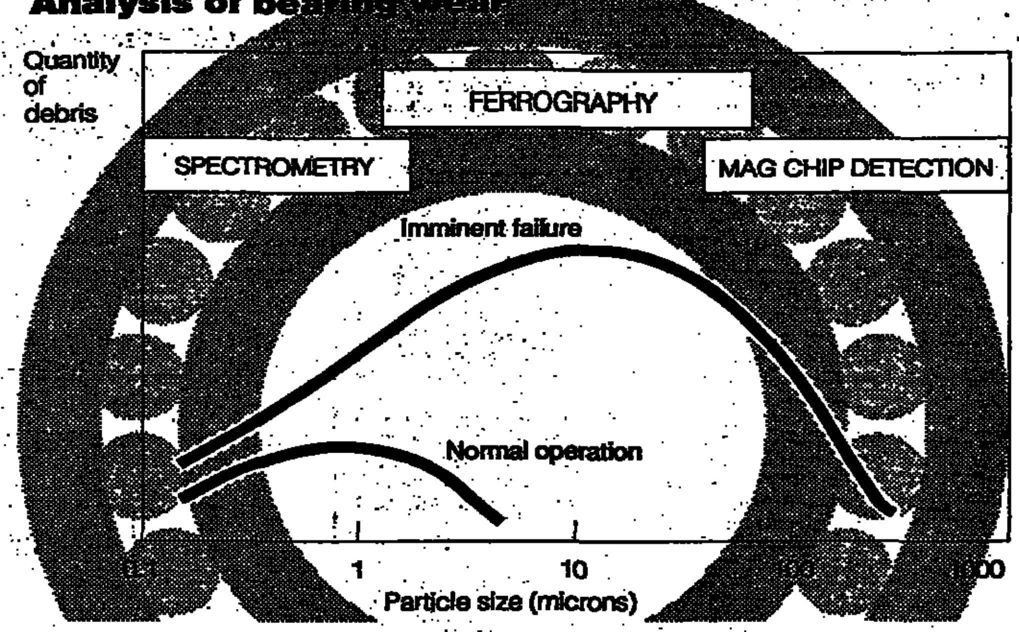
Magnetic chip detection is especially suitable for detecting fatigue in roller bearings because it is sensitive to the larger size of particle associated with spalling, the effect of fatigue where pieces of metal come away in small chunks.

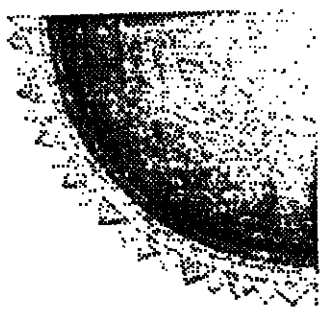
For systems with a high level of debris from wear, such as industrial gearboxes, its value is limited because of rapid saturation of the magnetic chip collector. However, Hampson says it is possible to plot trends so that action can be taken before wear becomes critical.

Developments in magnetic chip collectors include units which respond by indicating when particular sizes of debris, typically above 200 microns, are collected. This is useful for showing when a bearing has reached a certain stage of wear. Knowledge-based computer systems come into play to analyse the data thrown up by the monitoring machines. These systems involve the operator taking decisions on when to replace a bearing.

More complex expert systems are being studied by the National Centre of Tribology. Computers are programmed to take decisions such as when to shut down a motor or pump because wear has reached a dangerous level. More usefully, by keeping track of wear rates such a system would indicate well in *advance when a bearing* should be replaced. "Wear damage in industry is estimated to cost 2 per cent of gross national product in industrial economies," says Roberts. "Its reduction must be a prime overall objective."

Analysis of bearing wear





WORTH WATCHING

Edited by Della Bradshaw

Glass gives a dishy new look

THE biggest criticism levelled at satellite television dishes is that they are unsightly. To help minimise the visual impact a UK firm has developed a dish that is almost transparent.

The secret of the dishes, designed by Zeta, of Alderley Edge, is that it uses toughened glass which is impregnated with millions of fragments of metal. The glass is transparent when viewed from the ground but has the same reflective properties as the traditional metal or fibreglass dish.

The Armourplate glass has been developed by glassmaker Pilkington, and the electronics manufactured by Marconi Electronic Devices. All the electronics and cables are at the rear of the dish rather than on the front, which also helps reduce unsightliness.

The dish can be combined with any of the satellite broadcasters' electronics boxes – Sky Television or BSB in the UK, for example. It will be on sale from April.

When the fridge glows green

LEAKING air conditioning or refrigeration units can cost their operating companies a good deal of money, as well as being damaging to the environment because of the escaping chlorofluorocarbon (CFC) gases.

To help spot leaky units, Spectronics Corporation, of New York, has come up with a way of dying the refrigerants with an oil-based additive which is held as a mist in the gases. When a leak occurs, the dye is deposited around the fracture and glows luminous green when an ultraviolet lamp is shone on it.

Sold in the UK by Acal Auriema, of Slough, the gas does not react with the CFCs. It can be fed into the system during manufacture or added during the lifetime of the cooling unit.

Never left in the dark

THE pace of change in world events in recent months – from political upheavals in eastern Europe to cricket matches in the West Indies – has prompted people to tune into their radio and television stations at all times of the day and night.

For those particularly eager to get the latest news wherever they are in the UK, Mercury Paging, of Brentford, and the BBC have launched a system to get the latest BBC news headlines to Mercury customers carrying a "Messenger One" display pager.

The headline information is taken from the BBC's Ceefax teletext information service, and fed across Mercury's data network to the Mercury pager transmitter sites around the country, and from there to the pagers.

The transmission is triggered automatically when the news is entered into the Ceefax computer. The average number of broadcasts a day is 12.

The service will be free until the end of the year, and then Mercury will charge subscribers £2 a month.

Dressing up with a second skin

HOW do footballers heal their wounds? One answer, now on trial at 12 first division football clubs, is a dressing based on a bio-active polymer membrane, which, its makers claim, comes as near as possible to imitating real skin.

The dressing, Eurothane, is formed to be soft and elastic, and to stretch with even the smallest movement of tissue, joint or muscle bed. Moisture from the wound is absorbed by the dressing, and oxygen can pass through to help heal the wound.

The Eurothane dressing is fixed to the skin by a hypo-allergic adhesive developed by the manufacturer, Beam Tech of Cheshire. The adhesive covers the whole of the wound, but gradually absorbs moisture so that it peels away easily when it is time to remove the dressing.

The dressing is on trial at several UK hospitals for the treatment of burns and ulcers and for use in plastic surgery.

Computers write off the payments

SMALL or medium sized businesses usually have to resort to cheques in order to pay *their bills – a method which* is time-consuming and costly.

But an Australian software package, developed specifically for Antipodean banks, and now on trial in Europe, could result in companies sending their payment data to their bank using computer disks, cartridges or even the telephone network.

The software, developed by Access Conversion Systems, of Sydney, enables banks to receive payment instructions written on a variety of computers running under a range of operating systems. Access-ETI is installed on the computer system in the bank branch, and Access PC on the company personal computer.

Julia plans the dinner party

YOU are planning the menu for a special dinner party, but one of your guests is a vegetarian and another a veritable carnivore. What do you give them to eat?

That is exactly the sort of question being worked on by an expert computer system, called Julia, developed in Atlanta by the school of Information and computer science at the Georgia Institute of Technology.

The menu-planning system uses case-based reasoning to select the right meal. It has stored in its memory details of recipes which were successful for a particular group of people. Faced with the criteria for the forthcoming meal, it selects a suitable menu.

If the suggested meal proves a flop, the computer is told, and like a seasoned cook learns never to suggest that menu again.

Contacts: Zeta: UK, 0625 583850. Spectronics: US, 516 333 4840. Acal Auriema: UK, 0628 684353. Mercury Paging: UK, 07072 75588. Beam Tech: UK, 0829 41515. Access Conversion Systems: Australia, 2958 2044. Access Europe: London, 788 6448. Georgia Institute of Technology: US, 404 894 3285.

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Nature of business: Flat dealership
Trade classification: 19
Date of appointment of joint administrative receivers: 20 February 1990
Name of person appointing the joint administrative receivers: Barclays Bank Plc
JOSEPH PATRICK CONSIDINE and CHRISTOPHER JOHN HUGHES
Joint Administrative Receivers
(Office holder nos 058 and 141) of Cork Gully, Churchill House, Churchill Way, Cardiff CF1 4XQ.

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COMMODITIES AND AGRICULTURE

Copper price at 3-month high as stocks run down

By Kenneth Gooding, Mining Correspondent

AS THE London Metal Exchange price of copper yesterday rose to its highest level for three months, Mr Richard Osborne, chairman of Asarco, third-largest of the US copper producers, confirmed that non-communist world demand for the metal was very strong, particularly in Europe and the Far East.

In the past three weeks demand in the US, which had been showing some softness, had also strengthened appreciably, he said. "The US producers have no copper in stock, neither have the consumers and neither does Comex (the New York Commodity Exchange)."

The revival in demand in the US is across a wide front. Wire mills and brass mills were working flat out again, said Mr Osborne, who was in London to talk to investment institutions and analysts.

So far there was no sign that metal was being attracted to the US from LME warehouses to compensate for low US stocks, he said. But it would take some time for the premium available in the US to have this affect.

Some LME traders had expected US copper shortages to have some impact on the LME stock figures reported yesterday and were looking for a 10,000 tonne fall. However, the stocks decline was of 4,475 tonnes and, although this took inventories to 78,875 tonnes and to the lowest level for 28 weeks, there was some selling after the LME gave this news.

The previous upward trend in the price soon reasserted itself, however, and copper for immediate delivery closed last night at £1,599.50 a tonne, up £53.50. Three-month metal was up £43 a tonne to £1,559.50.

Asarco's Mr Osborne suggested that western world demand for copper this year was likely to increase by more than 1 per cent to about 9.5m short tons. The longer term outlook was also favourable for producers with copper demand growing by at least 1.5 per cent a year and keeping ahead of supply.

On Comex yesterday there was active investment fund buying in the May and July delivery months, traders said. Concern over the current tightness of nearby supplies was being exacerbated by the possibility of a strike at Noranda's Horne smelter 100 miles north of Montreal, where employees have been operating without a contract for the past week, they added. The smelter produces about 240,000 tonnes of copper a year.

LME WAREHOUSE STOCKS
(Change during week ended last Friday) tonnes

Aluminium	+300	to 86,575
Copper	−4,475	to 78,875
Lead	−750	to 14,000
Nickel	−1,008	to 5,408
Zinc	+550	to 54,925
Tin	−395	to 9,300

Australian farmers feeling far from cocky

Most are surviving not on what they make but on what they do not spend

FARMER'S VIEWPOINT

By David Richardson

THERE ARE two main reasons why the majority of Australian farmhouses have corrugated tin roofs. One is that tin is cheap and available; the other that every drop of precious rain can be heard clearly as it falls on tin and that is a sound savoured by all "Cockys" – the name Australian farmers give themselves.

It could be said that those tin roofs symbolise the perennial problems of Australian agriculture. If rainfall is inadequate or if it comes at the wrong time of year the searing temperatures of summer across most of the vast continent can destroy prospects for profitable arable crops or grazing livestock. And since government aid has been cut to negligible proportions in recent years and the vast majority of farm produce is surplus to the needs of the 16m domestic consumers and must therefore be exported, farmers returns rely on whatever world prices rule at the time.

It all adds up to a volatile trading situation with violent swings in profitability and production. Even when an Australian farmer has a good year he is pretty certain that it will be followed by a few bad ones. So his priority is to pay off old loans and if he has any profit left he invests it in new machinery or better livestock and spends as little as possible on the farmhouse – including the roof.

That anyway was the impression I gained from the majority of the many hard-working farmers spread across three states that I met during the past few days – days in which they, like the rest of the nation, had been anticipating the federal election on March 24.

Very few, I have to report, had much faith in either the ruling Australian Labor Party, led by Mr Bob Hawke, or the National/Liberal coalition under Mr Andrew Peacock. Almost to a man they felt that the federal politicians of both parties failed to appreciate the fact that in spite of a surge in mining revenues over the last five years agriculture still accounted for 40 per cent of Australia's exports.

If there was any trend among the Cockys it was towards the coalition – which was relatively predictable given that the National Party was born out of the now defunct Country Party, which once claimed to represent farmers' interests. But the people in remote rural areas were acutely aware that Australia's 100,000 or so serious farmers and a further 100,000 who could be described as hobby farmers had little hope of influencing who went to Canberra against the mass of urban votes from Sydney, Melbourne, Brisbane and Perth.

When it comes to policies that will affect farmers there is an uncanny similarity between the manifestos. Both the major parties say they will seek better export opportunities for Australian farm commodities by urging negotiators at the General Agreement on Tariffs and Trade to speed up the removal of tariffs and agricultural protectionism worldwide. The EC comes in for special criticism from both parties, incidentally, for its patchy and slow progress in that direction.

Both parties also promised to encourage farm and forestry conservation programmes, a proposal which is clearly calculated to appeal more to urban "green" voters than to Cockys, if comments I heard from some of them were any guide.

On main issues the National Farmers Federation – the biggest farm lobbying group and a radical organisation by northern European standards in that it too rejects protectionism of agriculture – advocates similar policies to both main parties, although it declines to be associated with either. It is probably no coincidence, however, that the NFF's demands, not only for tariff-free exporting of farm commodities but also for the entirely consistent but probably contentious measure of duty free imports of farm machinery and spare parts, is reflected in the National Party's proposals for the future should it be elected.

But the main issues which are worrying all Australians, including farmers, are interest charges currently standing at an effective rate of over 20 per cent; inflation which is increasing production costs across the board and is at present running at around 8 per cent; and industrial relations which have broken down in several areas that affect farmers.

Mr Hawke, the Labor Prime Minister and ex-union leader, is widely accused of merely tinkering with the reform of trade unions and of failing to tackle the real issues of restrictive practices which are in danger of costing Australia dear. Labour problems at the ports, for instance, add significantly to the costs and therefore the price competitiveness of exporting wheat and wool. Three-quarters of annual wheat production and 96 per cent of the wool clip are sold abroad.

The truckers, who have been accused of causing a number of horrific road accidents recently, have, during the run up to the election, been striking and demonstrating against tougher speed and other restrictions imposed on them in the interests of safety. Meanwhile farm commodity deliveries for export have been delayed and perishable vegetables required in Australia's towns and cities have rotted in he fields.

A longer-standing industrial problem among abattoir workers has resulted over the past few years in a great many meat plants going bust or being forced to sell. The buyers in many cases have been Japanese entrepreneurs who have also been buying cattle-producing properties and beef finishing lots.

Australia is the world's second largest exporter of beef, much of it to Japan and many farmers fear that Japanese vertical integration whereby they own farms, abattoirs and export licences is an undesirable trend. Indeed some farmers suggest cynically that the Japanese will have bought Australia within 10 years.

But presumably the Government believes that the country needs the money. In any event it is not being discouraged. Perhaps the biggest weakness is that Australian exports are almost all of basic commodities such as wheat, beef, wool and even iron ore. The country is then forced to import goods manufactured from those same raw materials after value has been added to them.

Meanwhile the Cockys continue their battle against the elements and the politicians. Most survive not on what they make but on what they do not spend. By so doing they can produce grain and meat more cheaply than almost anyone else in the world. But as one concerned Cocky pointed out, farmers across Australia are taking all they can out of their land but putting little back.

"We are," he said, "in danger of destroying the fertility of our land and mortgaging our children's future. But that," he conceded, "is the penalty of relying entirely on market forces."

East-West German lignite plan

By Maurice Samuelson, recently in Cologne

WEST GERMANY'S lignite industry, which provides fuel for 20 per cent of the country's electricity, is to help its sister industry in East Germany to improve efficiency as part of growing intra-German co-operation.

The help will be provided under a joint letter of intent signed by companies from both Germanies two weeks ago.

Rheinische Braunkohlewerke (Rheinbraun), the dominant West German producer, has proposed that the two sides should engage in joint marketing of their products throughout Europe. They have also invited the East Germans to join the Western trade association.

Co-operation is being encouraged on a grass-roots basis, by "pairing" individual mines with sites on the opposite side of the border.

Germany contains some of the world's largest deposits of lignite, brown coal with a calorific value about one third of that of hard, or bituminous coal. Lying relatively close to the surface, the lignite is recovered by opencast mining.

Most is fed into nearby power stations, but a significant quantity is solid fuel briquettes for the home heating market.

But despite their common geological features, the contrast between the two industries reflects the wider economic contrasts between the two Germanies.

East Germany is the world's biggest lignite producer. In 1988 it mined 310m tonnes. West Germany, producing 108m tonnes, is third after the Soviet Union, which produces about 166m tonnes.

However, in terms of productivity, quality and efficiency of use East Germany lags far behind its western neighbour. The East German Senftenberg company, near Dresden, produces nearly 200m tonnes a year with 55,000 employees.

Rheinbraun, which dominates West Germany's lignite industry, employs only 15,500 to produce about 100m tonnes a year.

The East German lignite, dug from seams which are often thinner than those in the Rhineland, also contains a lot of of unburnable rock, leaving an ash content of up to 30 per cent compared with Rheinbraun's 6 to 7 per cent.

Four East German companies are involved in the co-operation agreement with Rheinbraun. They are the two mining companies operating in the Leipzig and Dresden areas, a processing company and a mining equipment supplier.

Rheinbraun is wholly-owned by Rhein Westfalen Elektrizitatswerke (RWE), the Federal Republic's biggest power utility.

Ministers tackle price deadlock

By Tim Dickson in Brussels

EUROPEAN COMMUNITY Agriculture Ministers last night embarked on what promises to be a three-day meeting in Brussels aimed at breaking the current farm-price deadlock.

Diplomats say there is no chance of an agreement this week – but both the Irish presidency and the European Commission hope to gather enough information to put together a working compromise at the next Farm Council in Luxembourg at the end of this month.

Key bilateral talks with each member state are scheduled for this afternoon – probably running into tomorrow, providing Ministers with an opportunity to state their "bottom lines."

Two key issues, however, stand out at this stage. One is the proposed price cut for citrus fruits and the plan to convert production aids for Greek sultanas into a new acreage premium scheme. This has aroused the strong opposition of a "blocking minority" of Mediterranean countries.

The other issue is the Commission's proposed agri-monetary arrangements, notably in relation to Germany and the UK. Both these member states will be pushing hard for changes which would effectively boost the income of their farmers.

Producers miss out in coal price round

By Gerard McCloskey

THE LATEST round of coking coal price settlements between the producers in the US, Canada and Australia and their customers will reach its climax in Europe this month.

As the coalmen set about trying to persuade the major European buyers in France, the Netherlands and the UK to increase prices, they will do so in the knowledge that the gains they had hoped to achieve this year have largely been missed.

In key negotiations in Japan, price rises of up to US$5 had been predicted and at least $3.50 confidently expected by the coal men. But in the event, a relatively small producer – Westmoreland from the US – agreed to accept a rise of just $1.95 in exchange for 600,000 tonnes of additional orders.

When Consol, a far more knowledgeable operator and less of a maverick than Westmoreland, also accepted this price rise, the die was cast.

Australian and Canadian suppliers accepted $2.40, led by Queensland's MIM and, for yet another year, the Japanese steel mills' oldest card – the award of tiny additional tonnage to one weak or even desperate supplier in return for either a price cut or a relatively small rise – had come up trumps.

In this way, the price has been set for 90m tonnes of coking coal throughout Asia and the producers are left the question of how vigorously competitive producers can get decent prices from what is (although it pretends not to be) a monumentally monopolistic buyer.

The answer would appear to be that they cannot: for despite the apparent price rises, in real terms – particularly when measured in Australian and Canadian dollars, prices have fallen.

The 1990-91 settlements presented the coal producers with a number of strong arguments for a rise: continuing strong steel production in Japan and rising output in South Korea and Taiwan; worries over Soviet and Polish coking coal exports; strong sustained profitability by the Japanese mills; and the start of imports into Bulgaria and increased buying by Romania and China. (More eccentrically, 1989 witnessed the first coking coal imports by South Africa and even Australia's BHP steel works).

The buying barons of the French, Dutch and British steel producers will resist these arguements strongly, although they all accept that some rise is likely.

The buyers are determined to restrict rises to no more than $2 a tonne and the US producers are seeking a $3-a-tonne increase.

The wild card among the US producers is Pittston, which has just returned to normal operations after being disrupted by months of savage strike action.

Pittston – traditionally the US's biggest exporter – has long taken an idiosyncratic approach to price settlements and styles itself as answerable to nobody. It will want to move back into markets which last year's strike kept it from and, if a recent settlement in Brazil is anything to go by, will do so by accepting relatively meagre returns for the next 12 months.

Running against the interests of the buyers is the fact that one major European producer, Italy's Ilva, has already agreed to pay an additional $8.50 for supplies from April 1.

Another consolation for the coal producers is a growing perception which challenges conventional wisdom that world steel production will never approach 900m tonnes this century, compared with just over 780m tonnes in 1989.

Now, many forecasters predict production of over 900m tonnes and some over 1bn tonnes. That would give a sharp push to coking coal demand from just over 400m tonnes in 1988 to over 550m tonnes.

Slow start for new-look Baltic Exchange

THE FIVE markets of the Baltic Futures Exchange were brought together on one floor on yesterday with business getting off to a fairly slow start amid some technical problems, reports Reuter.

"A certain amount of chaos and confusion reigned in getting the communications and screens sorted out, which is more or less inevitable," said Mr James Gray, chairman of the BFE's public relations and marketing committee, said.

Soyabean meal, meat, grain, potato and freight futures markets have been brought on to the main trading floor of the Baltic Exchange building in London.

The markets had previously been spread around the building on different floors and the new arrangement is designed to encourage dealers to move freely between contracts and so generate additional volume.

Potato futures were the most active with a turnover of 719 lots of 40 tonnes.

WORLD COMMODITIES PRICES

MARKET REPORT

THE BULLISH trend in the New York arabica futures market helped London robusta futures to close at the highest levels since early November last year. However, sharp gains in New York yesterday morning were checked by profit-taking by midsession. The London May robusta contract put on £21 to £696 a tonne, but dealers see resistance starting in the £700 to £710 range. Concern about the Ivory Coast, which has seen its biggest street protests in the 30 years since independence from France, contributed to bullish sentiment. However, "there is nothing so far that implies any slowdown of shipments," said one trader. Talks to be held by the International Coffee Organisation's executive board on today and Wednesday sparked little enthusiasm. London May cocoa rose early on news of the Ivory Coast unrest, but ended the day down on Friday's close after touching £720 a tonne. On the LME, three-month lead moved above £450 a tonne although the premium for cash metal narrowed by £10 to £110 from Friday's close. LME warehouse stocks rose by 750 tonnes last week following a forecast of a 2,000-tonne rise.
Compiled from Reuter.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.25-6.30	+0.25
Brent Blend	$19.33-9.37z	+0.50
W.T.I. (1 pm est)	$21.40-1.45z	+0.14
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$214-216	-3
Gas Oil	169-169	
Heavy Fuel Oil	$88-90	
Naphtha	$176-177	-2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$403.25	-0.25
Silver (per troy oz)♣	513.00c	
Platinum (per troy oz)	$508.95	-0.95
Palladium (per troy oz)	$131.30	+2.05
Aluminium (free market)	$1545	+20
Copper (US Producer)	118⅝-124	+3¼
Lead (US Producer)	44½c	
Nickel (free market)	405c	+15
Tin (Kuala Lumpur market)	16.64r	-0.09
Tin (New York)	293c	-2
Zinc (US Prime Western)	70¼c	+1
Cattle (live weight)†	110.10p	+0.44*
Sheep (dead weight)†	218.25p	+11.9*
Pigs (live weight)†	96.08p	-1.68*
London daily sugar (raw)	$350.6x	+5.6
London daily sugar (white)	$426.0x	+2.0
Tate and Lyle export price	£328.5	+7.0
Barley (English feed)	£112+1.0	
Maize (US No. 3 yellow)	£127.0	+0.5
Wheat (US Dark Northern)	£131	+4.0
Rubber (Apr)♥	57.70p	+1.95
Rubber (May)♥	58.75p	+0.25
Rubber (KL RSS No 1 Mar)	231.5m	+0.50
Coconut oil (Philippines)§	$350.0t	+2.5
Palm Oil (Malaysian)§	$280.0w	+2.5
Copra (Philippines)§	$251.25	+8.75
Soyabeans (US)	£163	+2
Cotton "A" Index	77.70c	+0.15
Wooltops (64s Super)	563p	+15

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Feb/Mar. t-Mar/Apr. v-Jan/Mar. w-Mar. z-Apr. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	329.60	319.60	329.60 321.00
Aug	328.60	319.40	328.60 320.60
Oct	320.00	312.00	319.60 312.40
Mar	296.60		296.60 291.00
White	**Close**	**Previous**	**High/Low**
May	428.2	421.0	426.0 422.5
Aug	427.2	419.0	425.5 422.0
Oct	396.2	389.5	393.5 392.0
Mar	379.2	369.0	373.0 371.5

Turnover: Raw 3432 (1916) lots of 50 tonnes. White 863 (754)
Paris- White (FFr per tonne): May 2453, Aug 2453, Oct 2293, Dec 2217, Mar 2210, May 2210.

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Apr	19.36	19.24	19.35 19.21
May	19.35	19.24	19.36 19.22
IPE Index	19.27	19.54	

Turnover: 6859 (8744)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Mar	168.75	167.50	168.75 166.50
Apr	164.75	163.50	164.75 162.50
May	162.75	161.75	162.50 160.00
Jun	162.00	160.75	161.25 160.00
Jul	162.00	161.25	162.00 160.00
Aug	163.75	162.25	162.75

Turnover 5856 (6420)lots of 100 tonnes

TEA
There were 33,908 packages were on offer, including 10,800 offshore, reports the Tea Brokers' Association. Medium assams realised appreciably dearer rates but there were some withdrawals amongst the plainest descriptions, particularly pekoe dusts. East African's sold at firm rates while better mediums rose 5p to 10p per kilogram. Central Africans showed some irregularity but prices were about steady. Ceylons met improved competition at dearer rates. In the offshore auction cif teas sold better with medium Kenyas a strong feature. Quotations: quality 210p (nominal), medium 115p (same), low medium 92p (high).

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	694	697	697 692
May	706	712	709 703
Jul	720	726	720 717
Sep	733	739	736 731
Dec	757	762	759 755
Mar	778	780	778 775
May	795	796	795 790

Turnover: 5753 (17302) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 2 860.85(830.06) 10 day average for Mar 5 808.97 (800.74)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Mar	675	661	672 666
May	696	675	702 683
Jul	707	690	708 693
Sep	719	691	715 705
Nov	727	707	727 719
Jan	736	717	740 735

Turnover: 6447 (10155) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 2: Comp. daily 76.05(74.08). 15 day average 69.81 (68.99)

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Apr	180.0	188.1	183.0 178.5
May	218.0	221.0	221.5 216.5

Turnover 719 (340) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Apr	122.50	124.80	124.00 122.50
Oct	122.00	123.30	123.00 122.00

Turnover 130 (80) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low
Mar	1656	1638	1656 1653
Apr	1668	1666	1668 1665
Jul	1398	1390	1393 1392
BFI	1610	1606	

Turnover 109 (165)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
May	115.50	115.30	115.90 115.60
Jun	117.45	117.35	117.85 117.50
Barley	**Close**	**Previous**	**High/Low**
Mar	106.70	106.10	106.70 106.60

Turnover: Wheat 150 (196), Barley 65 (15).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	119.0	118.5	118.5 118.0
Aug	118.5		111.5

Turnover 35 (7) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 18,900 tonne
Cash	1553-5	1546-7	1546	1545-6		
3 months	1556-7	1545-6	1567/1543	1546-7	1559-60	21,600 lots
Copper, Grade A (£ per tonne)						Ring turnover 54,325 tonne
Cash	1599-601	1546-7	1600/1570	1570-1		
3 months	1559-60	1516-7	1563/1530	1534-5	1561-2	12,128 lots
Lead (£ per tonne)						Ring turnover 11,600 tonne
Cash	564-7	567-70	568/552	553-5		
3 months	455-6	448-9	458/446	447.5-8	458-9	140 lots
Nickel ($ per tonne)						Ring turnover 1,446 tonne
Cash	8600-50	8650-700		8600-25		
3 months	8400-25	8525-30	8600/8350	8575-600	8350-75	222 lots
Tin ($ per tonne)						Ring turnover 1,850 tonne
Cash	6440-60	6320-40	6401	6401-2		
3 months	6570-80	6450-60	6580/6490	6625-30	6575-85	0 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 20,075 tonne
Cash	1530-33	1530-5	1517/1513	1512-5		
3 months	1490-1	1483-4	1494/1475	1480-2	1491-2	1854 lots
Zinc ($ per tonne)						Ring turnover 2,250 tonne
Cash	1510-5	1480-90	1491/1490	1490-1		
March 30	1495-500	1460-70		1470-5		0 lots

LME Closing £/$ rate: SPOT: 1.6390 | 3 months: 1.6115 | 6 months: 1.5817 | 9 months: 1.5580

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	403-403½	245½-246
Opening	403-403½	245½-246
Morning fix	403	245.208
Afternoon fix	403.2	244.824
Day's high	404½-405	
Day's low	402½-403	
Coins	**$ price**	**£ equivalent**
Mapleleaf	412-417	251-254
Britannia	412-417	251-254
US Eagle	412-417	251-254
Angel	412-417	251-254
Krugerrand	402-405	245-247
New Sov.	94¾-96¾	57½-59
Old Sov.	94¾-96¾	57½-59
Noble Plat	513.60-521.70	311.95-316.65
Silver fix	**p/fine oz**	**US cts equiv**
Spot	310.75	512.15
3 months	322.70	522.90
6 months	334.65	533.60
12 months	358.65	556.30

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1450	107	124	1	17
1550	15	60	9	52
1650	1	24	93	113
Copper (Grade A)	**Calls**		**Puts**	
2450	152	146	1	58
2550	57	92	5	109
2650	6	54	53	163
Coffee	**May**	**Jul**	**May**	**Jul**
650	55	74	9	19
700	25	45	29	40
750	9	25	63	70
Cocoa	**May**	**Jul**	**May**	**Jul**
650	82	79	6	10
700	29	45	23	26
750	10	23	54	54
Brent Crude	**Apr**	**May**	**Apr**	**May**
1900			4	2
1950		3		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	404.0	403.0	404.0	404.0
Apr	406.8	405.6	407.5	405.0
Jun	412.5	411.0	413.0	410.2
Aug	416.5	416.2	417.3	416.5
Dec	427.8	426.5	428.5	425.5
Feb	433.5	431.9	433.5	432.3
Apr	437.4	437.1	437.4	437.4

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	511.0	507.9	511.5	507.0
Jul	517.0	512.9	517.0	512.5
Oct	520.0	518.9	520.0	518.6

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	511.6	512.8	514.0	510.0
May	519.5	519.8	521.0	517.0
Jul	528.0	528.0	529.5	526.0
Sep	538.0	536.5	536.0	535.0
Dec	548.1	548.3	549.0	548.0
Mar	560.5	560.2	560.5	560.5
Jul	575.0	576.6	577.0	576.0

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar 5	Mar 2	mnth ago	yr ago
1876.2	1849.5	1780.7	1985.4

DOW JONES (Base: Dec. 31 1974 = 100)

	Mar 2	Mar 1	mnth ago	yr ago
Spot	131.05	130.18	127.88	137.33
Futures	132.78	131.84	129.08	141.52

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	123.30	119.80	123.30	120.40
Apr	119.10	116.05	118.00	117.30
May	117.10	113.70	117.10	113.90
Jun	114.35	111.00	112.50	111.10
Jul	112.20	108.50	112.20	108.80
Aug	110.10	106.70	0	0
Sep	107.80	104.60	107.80	104.80
Oct	106.55	103.55	0	0
Nov	105.10	102.35	0	0
Dec	103.30	101.10	103.80	102.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Apr	21.41	21.35	21.43	21.20
May	21.50	21.37	21.52	21.28
Jun	21.47	21.34	21.47	21.26
Jul	21.29	21.17	21.31	21.07
Aug	21.10	20.98	21.09	20.90
Sep	20.95	20.84	20.95	20.74
Oct	20.76	20.77	20.76	20.73
Nov	20.70	20.73	20.70	20.68
Dec	20.67	20.70	20.67	20.64
Jan	20.63	20.66	20.63	0

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Apr	5750	5587	5760	5565
May	5610	5490	5610	5456
Jun	5510	5429	5510	5395
Jul	5505	5420	5505	5385
Oct	5690	5650	5690	5690
Nov	5745	5720	5745	5745
Dec	5820	5790	5830	5900
Jan	5800	5810	5800	0

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1107	1123	1110	1097
May	1076	1094	1085	1066
Jul	1088	1099	1090	0
Sep	1098	0	1104	0
Dec	1121	1136	1129	1115
Mar	1142	1158	1142	0
Jul	1170	1186	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	104.50	99.00	104.50	0
May	104.40	99.48	104.95	0
Jul	105.50	100.85	106.25	0
Sep	106.75	102.10	107.40	0
Dec	108.76	104.00	109.50	0
Mar	111.00	106.00	111.40	110.00
May	113.00	108.00	113.00	110.60

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	15.00	14.47	15.00	14.53
Jul	14.85	14.40	14.87	14.42
Oct	14.40	14.06	14.40	14.08
May	13.50	13.18	0	0
Jul	13.52	13.06	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	71.79	69.79	71.79	69.60
Jul	72.33	70.35	72.33	70.30
Oct	66.90	66.25	66.90	66.25
Dec	66.00	64.86	66.00	65.00
May	66.90	66.40	66.90	66.50

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	191.30	192.10	192.00	190.25
May	188.50	188.25	189.00	186.15
Jul	186.70	186.70	186.70	184.50
Sep	182.25	182.20	182.25	181.00
Nov	176.00	176.65	177.00	175.00
Jan	170.50	171.30	171.00	170.20

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	570/4	568/6	571/2	568/0
May	584/0	582/6	585/0	581/4
Jul	596/4	595/2	597/4	594/0
Aug	601/0	597/0	601/0	597/4
Sep	600/0	599/0	601/0	598/4
Nov	606/0	607/0	607/4	604/2
Jan	615/4	616/2	616/2	613/6
Mar	625/4	625/0	626/0	623/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	22.15	21.76	22.15	21.85
May	22.18	21.78	22.18	21.72
Oct	21.50	21.00	21.50	21.05
Dec	21.35	20.95	21.40	20.90
Mar	20.95	20.65	20.95	20.90

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	159.5	159.4	160.2	159.2
May	164.2	164.4	165.2	164.0
Jul	169.2	169.2	169.9	168.8
Aug	171.5	171.5	172.0	171.0
Sep	173.8	173.5	174.5	173.2
Oct	176.2	176.5	176.5	175.8
Dec	179.5	180.0	180.5	179.3
Jan	181.0	182.0	181.5	181.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	244/6	245/6	245/4	244/4
May	251/6	252/4	252/4	251/4
Jul	256/4	257/0	257/2	256/0
Sep	254/4	254/4	255/0	253/4
Dec	253/2	253/0	253/4	251/6
Mar	259/4	259/2	259/4	257/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	385/0	388/6	388/4	381/2
May	351/2	355/2	355/0	351/0
Jul	336/4	339/4	338/0	336/0
Sep	343/2	345/4	345/4	343/0
Dec	355/6	357/6	356/2	355/0
Mar	364/0	366/4	0	363/2

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	76.50	76.25	76.87	76.32
Jun	71.47	71.35	71.60	71.30
Aug	70.85	70.72	70.97	70.80
Oct	72.70	72.50	72.75	72.47
Dec	73.10	73.05	73.15	72.97
Feb	73.12	72.97	73.15	73.00

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	49.72	50.27	50.75	49.40
Jun	54.46	54.37	55.10	54.00
Jul	53.97	54.02	54.62	53.65
Aug	51.96	52.00	52.55	51.65
Oct	47.07	47.15	47.45	46.92
Dec	47.52	47.45	47.80	47.35
Feb	47.45	47.75	47.95	47.35
Apr	45.70	45.80	46.00	45.70

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	48.02	48.75	49.30	47.30
May	48.97	49.80	50.32	48.37
Jul	49.25	50.47	50.95	48.90
Aug	47.45	48.77	49.40	47.30
Feb	53.05	53.56	54.00	54.10
Mar	54.00	56.00	54.00	54.00

LONDON STOCK EXCHANGE

Sterling's fall unsettles share prices

DOMESTIC concerns returned to the centre of the UK stock market stage yesterday after a weekend of political developments was reflected in a significant fall in sterling. The impending departure of a senior member of the Thatcher Cabinet emphasised the electoral dangers for the UK Government already facing a serious challenge from the Labour Opposition Party in the public opinion polls, as well as heavy public criticism of its new local taxation policies.

The clutch of privatisation stocks, including the water industry issues sold off in December, were marked lower as the market considered the possibility of o possible reversal of status in the event of a change of government at the next general election. However, the present government is not obliged to call a general election for more than two years and there was no sign of selling pressure on leading shares yesterday.

Account Dealing Dates		
First Dealings:		
Feb 26	Mar 12	Mar 26
Option Declarations:		
Mar 8	Mar 22	Apr 5
Last Dealings:		
Mar 9	Mar 23	Apr 6
Account Day:		
Mar 19	Apr 2	Apr 17

*New time dealings may take place from 8.00 am two business days earlier

More significant for the stock market was the fall in the value of the pound which revived all the old fears that domestic interest rates could still be forced higher to protect the UK currency. With the Japanese and New York equity markets offering mixed signals, London was left to concentrate on its own local problems. Share prices were marked down sharply at the opening as traders correctly assumed an extension of the fall in the pound which commenced late on Friday.

The market extended its loss to around 24 points, touching its lowest mark of 2,230.2 in late afternoon when Wall *Street made an unexciting* debut to the new trading week in the wake of widespread intervention by central banks to hold down the US dollar. The final reading showed the FT-SE Index at 2,230.5, a fall on the day of 24.3.

In summing up the trading day, analysts pointed to the level of equity turnover, poor even by current standards. Seaq volume totalled only 316.3m shares, after Friday's 542m, heavily inflated by a single deal in Scottish & Newcastle shares.

Last night's closing level left the Footsie Index inside its latest trading range, after steadying at the 2,230 level regarded *as a significant testing barrier.* Similarly, yesterday's fall in sterling provided no challenge to the views on the currency held by equity market strategists. "The stock market can live with yesterday's falls; only if the pound continues to slide are we in real trouble," said one trader at a US house.

The new round of intervention against the dollar ahead of a meeting of the Group of Seven Ministers in Japan later this week kept the international stocks subdued in London. The institutional investors appear to be reining in activity ahead of the UK Budget Speech, which is due in a fortnight.

FINANCIAL TIMES STOCK INDICES

	Mar 5	Mar 2	Mar 1	Feb 28	Feb 27	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	77.86	78.60	78.90	79.75	80.39	88.67	89.29 (8/2/89)	77.86 (5/3/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	86.12	86.64	86.69	86.31	89.41	96.97	99.59 (15/3/89)	86.12 (5/3/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1755.6	1774.2	1764.9	1781.4	1781.5	1708.4	2008.5 (5/9/89)	1447.8 (3/1/89)	2008.5 (5/9/89)	49.4 (26/6/40)
Gold Mines	276.5	283.5	287.8	287.7	294.7	173.5	378.5 (8/2/90)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2230.5	2254.8	2238.4	2255.4	2254.5	2072.8	2463.7 (5/9/89)	1782.8 (3/1/89)	2463.7 (5/9/89)	986.9 (23/7/84)
Ord. Div. Yield	5.00	4.95	4.97	4.91	4.89	4.39				
Earning Yld %(full)	11.81	11.70	11.76	11.66	11.62	10.75				
P/E Ratio(net)(*)	10.24	10.34	10.29	10.38	10.43	11.25				
SEAQ Bargains(5pm)	24,203	21,915	21,303	22,323	22,246	34,268				
Equity Turnover(£m)†	-	1078.34	742.00	810.69	823.47	1073.87				
Equity Bargains†	-	22,567	22,270	22,336	22,441	37,459				
Shares Traded (ml)†	-	472.4	334.0	305.6	315.1	462.2				

Ordinary Share Index, Hourly changes — Day's High 1761.6 — Day's Low 1754.1

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1760.1	1755.7	1754.5	1754.6	1755.6	1755.5	1758.0	1761.6

FT-SE, Hourly changes — Day's High 2238.6 — Day's Low 2230.2

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2238.0	2233.9	2232.9	2232.9	2232.9	2234.0	2234.1	2238.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ● Nil 10.10

GILT EDGED ACTIVITY

Indices	Mar 2	Mar 1
Gilt Edged Bargains	80.3	87.1
5-Day average	80.6	78.9

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request. London report and latest Share Index Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Brewers out of favour

Bass and Allied Lyons led the brewers lower in the wake of last week's placing of 86m Scottish and Newcastle shares which has drained institutions of cash earmarked for the sector. The two were additionally hit by continuing worries over the proposed disposals of their hotel chains, respectively Crest and Embassy. Analysts fear that it will be hard to tempt buyers for the chains and, specifically, that the value of both may be forced lower.

Mr Neill Junor at County NatWest said that Allied had probably been looking for more than £200m for Embassy but that £150m, or £50,000 a room, was more likely. Crest might be worth £350m, or £70,000 a room, and the strength of the brand might attract players new to the UK hotel market.

These figures are a far cry from the £139,000 a room achieved with Thistle hotels, sold by Scottish and Newcastle to Mount Charlotte in September 1989. There were suggestions yesterday that Scandinavian Air Services was a potential buyer of Crest. SAS has 40 per cent of Intercontinental Hotels.

Bass fell 28 to 931p and Allied lost 13 to 429p. Other brewers also slipped in the absence of demand: Scottish eased another 6 to 295p, Grand Metropolitan shed 10 to 537p and Whitbread's "A" shares ended at 375p, a decline of 9.

NatWest challenge

NatWest shed 8 in early trading after Standard and Poor's, the US credit rating agency, lowered its rating on some of Natwest quoted debt to "double A *plus*" from "triple A". But the shares recovered to close a net 5 off at 347p as it emerged that Standard had only changed its view on NatWest's subordinated debt, which accounts for only 2-3 per cent of the bank's total liabilities, analysts said.

Mr Robert Law of Shearson Lehman Hutton said NatWest retained a triple A rating for its key short-term debt, which made the downgrading a "non-event", despite the initial market worries. Mr Peter Toeman of UBS Phillips and Drew said that NatWest was not under any pressure to raise finance using subordinated debt. "Its total capital ratio stands at 9 per cent, above the minimum level of 8, so there is no compunction there."

British & Commonwealth rose 5 to 59p following reports that it could be set to raise more than previously expected from the sale of Gartmore, its UK fund management arm.

British & Commonwealth had said it hoped to sell Gart*more for at least £130m, but* reports suggested that Banque Indosuez, which has emerged as the front-runner, thought it might have to pay "closer to £150m." One analyst commented: "The market had been expecting a sale price of £130m/£140m so short-term this is good news. Its junk bond sized-yield indicates that there was a lot of bad news discounted by the market and this should help put a floor under the price."

Miss Karen Bennett of Laing & Cruickshank added: "The news should give British & Commonwealth a breathing space, at least for the time being. But they are not yet out of the woods. It still has very large debts and is an interest rate sensitive business. We remain sellers of stock."

ICI moved strongly against the trend, gaining 12 to 1089p in healthy turnover of 1.4m shares as the company announced it was to seek shareholders' approval to buy back up to 10 per cent of its shares.

Macarthy opened sharply higher, adding 16 to 260p on talk that Lloyds Chemist was to launch a hostile bid. Dealers later dismissed the story and the shares came back to close just a penny up at 245p. Favourable press comment lifted Leigh Interests 4 to 361p.

Chemoxy followed the market, giving up 10 to 440p as Suter, its white knight bidder, announced it had bought 4.6 per cent of Chemoxy, to add to the 26 per cent pledged on the announcement of the bid last week. Suter closed unchanged at 128p.

Worries that the European Commission was about to order British Aerospace to repay around £83m in "sweeeteners" it received in inducements to complete the purchase of Rover in 1988 overhung the shares, causing a fall of 21 to 484p after turnover of 1.5m shares.

Laing & Cruickshank recently issued a 69 page review on the company which included a *cut* in 1990 profit expectations from £315m to £305m. Laing, however, said this figure does not include the costs of the recent strike.

Mr Ian Lowe at Laing said: "The company has problems with cash flow and long term strategy, although in the short-term the problems centre on the strike and the EC investigation at Rover."

Water stocks, like other privatisation issues, looked uneasy as the problems overshadowing the electoral chances of the UK Government revived the question of the water companies possibly returning to their former status which has hitherto been left in the background of market thinking. At the same time some issues, notably Thames Water, turned weaker as the market awaited the response at a conference in the Hague, from Mr Chris Patten, the UK Environment Secretary, to international criticism of Britain's record of sewage dumping in the North Sea.

The Water Package, a favoured investment medium in the recently-created water stock sector, opened sharply lower and made little recovery, showing a loss of 47 to £1628.

*Thames Water, which is con*sidered to be the most likely to feel the effects of any curbs on North Sea dumping — Thames clean-up costs alone are estimated at £100m — dipped 5 to 158p. There were similar losses in North West Water (also 158p) and in Northumbrian (173p), both of which also dump sewage in the North Sea.

Neither Yorkshire Water (189p) nor Severn (144p) were spared from the general shakeout, although they dispose of sewage without recourse to the North Sea; traders commented that it was the political worry that was uppermost in investors' minds.

Selling pressure was light, but there were losses throughout the range of the water stocks, with Anglia (172p), Southern (151p), Welsh Water (175p) and Wessex (176p) all turning in losses on the day.

Analysts lowered their sights for Persimmon, although the company announced higher profits yesterday of £32.5m against £29.5m last time. Mr Mark Gibbon, construction analyst at BZW, said he was now expecting profits for the current year of around £26m, a figure sharply lower than his previous estimate. The market took the downgrading stoically and the shares regained an early loss to close marginally firmer on the day at 154p.

Mr Gibbon explained that 1990 "will be more of a holding operation with a little bit off average sales prices and margins. On balance, however, it is a more confident tone we are hearing from the company than we have heard from a number of housebuilders. This is probably due to having a moderately long land bank and a significant northern exposure."

Hatfield Estates moved higher following a recommended shares or cash offer, which is guaranteed success, from Lilley and closed 11 up at 236p. Lilley eased a penny to 57p. Elsewhere, Westbury retreated as stock came on offer in a thin market and the shares ended 9 down at 177p. Stanley Miller, on the other hand, came with a late flourish to settle 18 up at 90p.

British Gas slipped 5 to 218p in steady volume as analysts agreed that the weakness was the result of the weekend opinion polls. Mr Keith Morris said that Gas would underperform until the polls changed significantly.

However, but Mr Steve *Turner at Smith New Court* said that a Labour government would be more concerned with the yet-to-be-privatised Electricity Industry, and the Water companies, sold off in December 1989.

Enterprise Oil was one of only six FT-SE 100 stocks to show a gain on the day. Analysts said the shares had traded at a 10 to 20 per cent premium to that of the other FT-SE 100 exclusively exploration stock, LASMO, for most of last year.

The relative decline in recent weeks had made Enterprise look cheap and the shares firmed 2 yesterday to 622p. Enterprise results are due out before the end of the month.

Thorn EMI eased 4 to 687p in thin trade on speculation that the company would need to make a rights issue if it desired to acquire Geffen Records, a US company, which many believe Thorn is stalking at a price in the region of $700m.

British Telecom came under selling pressure, causing the *shares to give up 8 to 285p on* turnover of 8m shares. BZW changed its recommendation from buy to hold because of re-nationalisation worries after the weekend opinion polls.

Mr Paul Norris at BZW said: "The fundamentals are still ok but the politics are lousy. The Labour Party has pledged to buy 2 per cent in the market (to add to the Government's 49 per cent stake) to gain majority control (if it wins the next general election). A Labour Government can be assumed to be a social welfare maximiser and not a profit maximiser."

Racal Electronics gave up 3 to 221p as BZW shaved 1990 profit expectations by £20m to £207m. BZW believes trading in the computer design and data communications in the second half was more competitive than anticipated. BZW also trimmed 1990 expectations from £334m to £320m.

BZW also lowered its forecast for Racal Telecom, unchanged on the day at 385p. The securities house is now predicting 1990 profits of £161m (£165m) and £255m (£260) for 1991. Explaining the cut Mr Simon Street at BZW said: "The non cellular businesses have not performed as well as expected."

Sunday press comment helped STC move against the trend, the shares adding 3 to 253p.

Hillsdown fell 6 at 256p on 3.2m as Hoare Govett lowered its profit estimate for 1990 to £245m from £255m. Mr Richard Workman of Hoare said the *forecast* had been cut because of the recent rise in UK mortgage rates and expectation that interest rates would remain high until the year end.

This would affect Hillsdown's housebuilding and property interests and raise the interest rate charges of the group, although he added that Hillsdown would be supported by its 1989 results released next Wednesday. Final profits are expected by the market to rise 29 per cent to £195m.

Berisford retreated 4 to 113p as concern among about its management record spread to several institutional shareholders. In addition, the market remained worried about its exposure to the New York property market.

Ransomes was the bright feature of an otherwise dull session among engineerings. The shares gained 13 to 170p as the company reported a 9 per cent increase in full-year profits to £14.4m.

Profit-taking following last week's run left Rolls-Royce 3 easier at 167p. But demand ahead of tomorrow's results helped steady GKN, 2 up at 387p.

Profit takers took their toll of Marks and Spencer, down 5 at 200p, after recent strength.

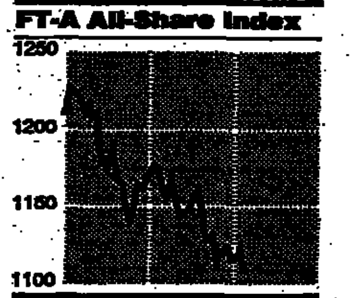
An early fall in Body Shop, to a low of 452p, brought out the bargain hunters who, in turn, exposed a shortage of the stock. Body Shop recovered to 465p before weakening once again to 458p, a net decline of 31.

Rank Organisation were advanced erratically, rising 16 at one point but closing at 778p, a net improvement on the day of 6. The company is in the midst of a series of presentations at brokerage houses. Yesterday it was the turn of BZW, where analysts said the tone of the meeting was positive.

Granada's chairman struck several cautious notes at the company's annual meeting. Among other things, he said: "Television advertising revenue in the first two months of the year was down by around 4 per cent, the first time we have seen a decline for some years." The shares fell 9 to 289p.

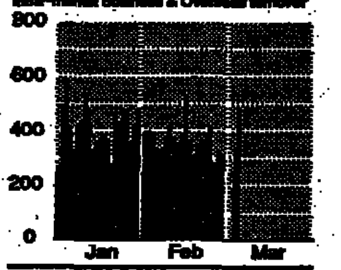
■ *Other Market statistics, including the FT-Actuaries share index, London Traded Options, and recent issues* Page 26

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (10).
BRITISH FUNDS (1) AMERICANS (1) CANADIANS (1) ELECTRICALS (1) INDUSTRIALS (1) China Light, PAPERS (1) PROPERTY (1) TRANSPORT (1) TRUSTS (1) OILS (1).

NEW LOWS (288).
BRITISH FUNDS (73) INT.BANK & O'SEAS — GOVT. STLG. ISSUES (5) CORPORATION LOANS (4) FOREIGN BONDS (3) CANADIANS (1) BANKS (2) BREWERS (3) BUILDINGS (8) CHEMICALS (7) STORES (5) ELECTRICALS (10) ENGINEERING (9) FOODS (6) HOTELS (3) INDUSTRIALS (17) Aaronson Bros., Beaverco, CH Inds., Charter Cons., Cookson, Elswick, Kitty Little, Norton, Porter Chadburn, Rockware, Sale Tilney, Spong, Utd. Guarantee, Warner Howard, Whitecroft, Wiltshire, Worcester, INSURANCE (1) LEISURE (7) MOTORS (3) NEWSPAPERS (1) PAPERS (6) PROPERTY (14) TEXTILES (2) TRANSPORT (1) TRUSTS (18) OILS (4) MINES (1) THIRD MARKET (1).

APPOINTMENTS

Changes at Unilever

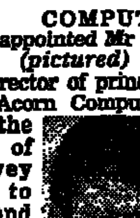
At UNILEVER's annual meetings on May 2 Mr Hans Eggerstedt, currently responsible for frozen products, will *become commercial* director, retaining his additional role as regional director for continental Europe. Mr Morris Tabaksblat, chairman of the foods executive, and director responsible for the group's US food interests, will assume additional responsibility for frozen products. Dr Ashok Ganguly, chairman of Hindustan Lever, will become director of research and engineering on joining the main board. Sir Geoffrey Allen and Mr Henk Meij retire at the annual meeting.

■ Mr James Barstow has been *appointed a director of* JOHN GOVETT & CO, fund management subsidiary of Berkeley Govett & Co.

■ Mr Geoffrey E.V. Martin, who recently retired as a director of Britvic Soft Drinks, has been appointed a non-executive director of E.E. & BRIAN SMITH (1928), Oxford.

■ WIMPEY CONSTRUCTION has appointed Mr D.G. Brant as managing director of Wimpey Construction UK. He was Scottish and north eastern regional director. Mr F.M. Kennedy, a group executive board member, has been appointed managing director of Wimpey Major Projects, international and UK civil engineering. He was overseas civil and building operations divisional director.

■ ACORN COMPUTER *GROUP has appointed Mr Sam* Wauchope *(pictured)* as managing director of principal subsidiary, Acorn Computers, following the promotion of Mr Harvey Coleman to president and chief executive officer, Olivetti Systems and Networks Canada. He is succeeded by Mr Wauchope as group managing director after the annual meeting in April. Mr Michael O'Riordan, recently group marketing director of ITL, succeeds Mr Wauchope *as sales and* marketing director.



■ PANNELL KERR FORSTER has appointed Mr Michael Whelan as national development director of management consultancy services. He was with Peat Marwick McLintock.

■ Mr Antony Hichens, previously deputy chairman, has become chairman of Y.J. LOVELL (HOLDINGS), succeeding Sir Norman Wakefield who has retired. Mr Hichens is chairman of Caradon.

■ *Mr Geoffrey Windsor-Lewis* has been appointed an executive director of *ARUNDELL HOUSE.* Mr Ben Norman and Mr Michael Tutill have been promoted to development directors of Arundell House Securities.

■ Mr Mark R. Fernandez has been *appointed* director of GRAFTON ESTATES. He was joint managing director of Markham Developments.

■ Mr Chris Price has been appointed assistant general manager of TOWER HILL SERVICES, a subsidiary of English & American Group.

■ GAINSBOROUGH PRECISION ENGINEERING (B'HAM), has appointed Mr Edward Yarnall as manufacturing director, and Mr Peter Hunter as sales and marketing director.

■ Mr Tom Brown has been *appointed group managing* director of FENNER. He was chief executive of B. Elliot, and subsequently worked with Schroder Ventures.

■ Mr Raymond J. McLoughlin has joined the board of AIB GROUP. He is chief executive of James Crean.

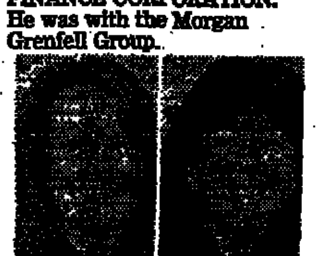
■ Mr Graham Harper has been made managing director of UK communications specialist C-COM INTERNATIONAL.

■ Mr Robert Le Mare has been appointed managing director of JOWETTS, packaging and carton division of Watmoughs (Holdings). He was with Bowaters where he was managing director of Rondo Belge.

■ Mr Les Dunn has been appointed managing director of MARBOURN, Hartlepool, a Hanson company. He was director and general manager.

■ Mr Brian Beard has been appointed sales and marketing director of the combined sales operations of PAPROPACK and BOWATER SACKS, following their merger under the MoDo Group last year. He was sales director with Bowater Sacks in Ellesmere Port.

■ Mr Richard G. Scriven has been appointed a non-executive director of KEY BUSINESS FINANCE CORPORATION. He was with the Morgan Grenfell Group.



Mrs Jenny Prince *(left)* has been appointed company secretary, and Miss Karen O'Connor *(right)* becomes compliance officer at CAPITAL HOUSE INVESTMENT MANAGEMENT, Edinburgh, part of the Royal Bank of Scotland Group.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

BRITISH FUNDS—Contd

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%.

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

CANADIANS

Continued on next page

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BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

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MOTORS, AIRCRAFT TRADES

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£17¼	975	DAF N.V. Fl1.5	£10⅝	.....	N02.5	1.8	6.7	8.3
162	115	General Mtrs Units	148	+4	N12½%	–	5.4	–
906	264	Jaguar	849	.....	‡11.0	0.5	1.7	–
*61½	27	March Group 5p y	41	+1	tgd0.64	–	‡	–
£207	£94½	Volkswagen DM50	£195¼	.....	Q20%	2.8	1.7	20.8
£51⅜	£33½	Volvo Kr25	£39⅝	.....	Q56%	3.1	3.4	10.0

Commercial Vehicles

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*505	200	ERF (Hldgs) y	288	–3	15.0	3.7	9.6	3.7
*245	160	Plaxton Grp y	160	.....	N8.5	2.3	7.1	16.3

Components

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
438	375	Abbey Panels	438	.....	3.5	18.8	1.1	11.6
290	185	Airflow Streamlines y	226	.....	6.0	4.2	3.6	8.8
208	143	Bostrom 5p y	190	.....	t5.1	10.6	3.6	9.2
299	191	Dowty 50p	202	+1	18.0	2.9	5.3	10.6
261	167	FR Group	167	–3	t5.54	3.7	4.4	8.2
*174	80	Kwik-Fit Hldgs. 10p	81	–1	2.4	2.8	4.0	12.3
*725	509	Lucas Inds. £1	576	–4	25.0	2.9	5.8	6.7
*62	14	Spice 5p y	15	.....	tg1.2	0.4	‡	–

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES—Contd

Miscellaneous

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
247	69	Anglesey Mining 9p. y	160	.....	–	–	–
166	18	Do. Warrants y	85	.....	–	–	–

[illegible]

THIRD MARKET

[illegible]

40	15	Vizcaya Hldgs 5p. y	16	.....	–	–	–
46½	23	Whitegate Leisure 20p. y	37½	–½	0.25	1.7	0.9
32½	10	Do. Wrrnts y	25	–1	–	–	–
10¼	4¼	Wilton Group 1p. y	4¾	+¼	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ¢ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ◆ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ¶ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p y	85	.....
Craig & Rose £1 y	828	.....
Finlay Pkg. 5p y	58	.....
Holt (Jos) 25p y	1353	+8

IRISH

Cap. 8½% Ln. 1992	£96¼	.....
9pc Cap Ln. 1996	£98½	.....
Fin. 13% 97/02	£107½	.....
Arnotts	440	.....
Carrol (P.J.) y	160	.....
Hall (R. & H.)	185	.....
Helton Hldgs y	98	–2
IWG	210	.....
United Drug	165	–5

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	39
Amstrad	5½
Astec (BSR)	5¼
BAT	83
BOC Grp	45
BTR	36
Barclays	49
Blue Circle	19
Boots	23
Bowaters	38
Brit Aerospace	42
British Steel	9
Brit. Telecom	25
Cadburys	27
Charter Cons	40
Comm Union	40
Courtaulds	31
Eurotunnel	60
FKI	7
FNFC	21
Gen Accident	90
GEC	18
Glaxo	56
Grand Met	45
Guardian	19
GKN	33
Hanson	16
Hawker Sidd	55
ICI	85
Ladbroke	25
Legal & Gen	34
Lex Service	26
Lloyds Bank	22
Lucas Inds	52
Marks & Spencer	17
Midland Bk	27
Nat West Bk	29
P & O Dfd	50
Polly Peck	37
Racal Elect	19
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Rank Org Ord	68
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TI	38
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Property

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Aviva Petlm	5½
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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	51.18	51.18xd	54.74	+0.72	5.01
Gilts & Fixed Int	6	101.5	101.5xd	107.7	-0.7	10.21
High Inc Equity	6	131.3	134.7	143.4	-0.4	4.43
Worldwide Bond	6	195.0	195.0xd	206.6	+2.6	6.24
Capital Growth						
American Growth	6	187.3	187.3	200.4	+4.6	1.09
Asian Pacific	6	130.2	133.1	141.7	+0.2	0.00
Assets & Earnings	6	152.1	152.1	162.7	-0.8	3.10
Capital Reserve Acc	0	88.74	88.74	88.89	-0.07	6.75
Capital Reserve Inc	0	74.46	74.46xd	74.58	-0.07	6.05
Comdty & Energy	6	109.1	111.2xd	118.4	+0.5	0.71
Dividend & Growth	6	45.43	46.45	49.42	-0.08	4.55
1992 Enterprise	6	60.34	60.34	64.94	+0.12	2.51
Euro Capital Acc	6	98.02	98.02	104.9	+2.5	0.91
Euro Capital Inc	6	94.51	94.51	101.1	+2.37	0.94
General	6	169.1	169.1xd	180.9	-0.6	2.76
International	6	60.75	61.47	65.40	+0.04	0.76
Japan	6	106.9	106.9	114.4	+1.3	0.00
Mastertrust	6	88.84	88.84	95.02	+1.09	1.49
UK Growth Acc	6	174.9	174.9	187.1	-0.2	1.64
UK Growth Dist	6	115.6	115.6	123.7	-0.2	2.48
US Emerging Cos	6	54.57	55.94	59.52	+0.99	0.00
Income & Growth	6	290.9	290.9	311.2	-1.4	3.29
Ethical	6	47.66	47.66	50.98	-0.18	1.96

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	32.31	32.31	34.49	+0.54	2.98
European	5¼	84.34	84.51xd	90.21	+2.26	0.00
European Income	5¼	80.43	80.43xd	85.84	+1.45	1.83
Exempt	1	724.1	724.1xd	754.5	-0.90	1.56
Extra Income	5¼	41.21	41.21xd	43.99	-0.18	4.39
F East Emerg Econ	5¼	63.50	64.34	68.90	+0.55	0.01
Fixed Int Tst	5	124.2	127.4	136.0	-0.5	1.64
Do Accum	5	194.7	199.7	213.2	-0.90	1.63
Gilt & Fixed Int	5¼	17.67	18.07	19.30	+0.04	12.67
Income & Growth	5¼	67.37	67.37xd	71.91	-0.37	3.76
Intl Income	5¼	62.97	62.97xd	67.22	+0.69	4.59
Japan	5¼	187.0	187.0	199.4	+1.90	0.00
Pacific(10-1)	5¼	43.91	44.46	47.62	+0.40	0.01
Secure Income	5	183.3	183.3xd	195.7	-0.78	5.83
Smaller Companies	5¼	53.02	53.02	56.60	-0.11	2.08
Special Situations	5¼	65.72	65.72	70.16	-0.17	0.85
UK Growth	5¼	36.13	36.13	38.57	-0.13	2.02
World Growth	5¼	53.96	53.96	57.61	+0.70	0.00

[illegible]

PK English Trust (Inv Man) Ltd (1000)F
12 Carthusian St, London EC1M 6EB 01-796 1200

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American*	4	59.99	60.43	63.13	—	0.0
Far Eastern*	4	178.33	182.67	189.98	—	0.3
Growth†	4	103.23	105.54	196.63	—	2.2
Income†	4	139.91	141.66	150.94	—	5.4
Scandinavian*	4	75.30	77.42	80.52	—	0.3

† Dealing Day: Wed. *Dealing day: Thurs.

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♣ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers.
Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	102.8	108.3	+0.4	-
Managed Growth	138.9	146.3	+1.2	-
Managed Opportunity	142.6	150.2	+1.1	-
NFMC Target Financial	100.4	105.7	+0.5	-
Pension Funds				
Managed Cautionary	107.7	113.4	+0.4	-
Managed Growth	143.0	150.6	+1.2	-
Managed Opportunity	144.6	152.3	+1.5	-
NFMC Target Mngd Pen	1501.2	1580.3	+5.4	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	221.5	233.2	----	-
Managed Prospect Fund	186.0	195.8	----	-
Pens Managed	281.4	296.3	----	-
Pens UK Equity	333.6	351.2	----	-
Pens Overseas Equity	375.8	395.6	----	-
Pens Property	163.1	171.7	----	-
Pens Fixed Interest	174.2	183.4	----	-
Pens Index Linked	145.8	153.5	----	-
Pens Deposit	190.2	200.3	----	-
Worcester & P.R.P.				
UK Equity	145.8	153.5	----	-
Overseas Equity	134.5	141.6	----	-
Fixed Interest	119.0	125.3	----	-
Property	135.6	142.8	----	-
Index Linked	132.4	139.4	----	-
Deposit	131.9	138.9	----	-
Managed	141.8	149.3	----	-
With Profits	135.3	142.5	----	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	337.1	354.9	----	-
UK Equity	427.2	449.7	-2.6	-
Overseas Eq	353.6	372.3	+6.8	-
American	264.6	278.6	+5.7	-
Far East	393.9	414.7	+2.9	-
Property	220.3	231.9	----	-
Fixed Int	211.2	222.4	-2.7	-
Indexed Gilt	136.8	144.0	-0.7	-
Deposit	160.4	168.9	+0.3	-

Providence Capital Life Asc. Co Ltd - Contd.

Royal Heritage Life Assurance Ltd - Contd.

Skandia Life Assurance Co Ltd (z)
Frobisher Hse, Nelson Gte, Southampton 0703 334411

Sun Alliance Group
Sun Alliance House, Horsham 0403 64141

Tunbridge Wells Equitable
Abbey Court, Tunbridge Wells 0892 515353

Sharp (Albert E.) & Co.
12 Newhall Street, Birmingham B3 3ER 021 200 2244

Siltala Fund Managers Limited

Royal Bank of Canada Funds - Contd.

JERSEY (SIB RECOGNISED)

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

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SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

DUBLIN (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or −	Yield Gross
Nikko Luxembourg S.A.				
Global Alpha Strategy Fund-SICAV				
Pacific Alpha Fd*	$12.91	13.11	—	—
US/Europe Alpha Fd*	$10.23	10.38	—	—
*Price as at February 27				
US Index Fd-SICAV NAV		$10.83	—	—
**Price as at February 27				
Nomura Asia Europe Fund				
NAV Mar 5		$10.51	+0.04	—
Nomura Dragon Global Fund				

	Bid Price	Offer Price	+ or −	Yield Gross
Tyndall International (Bermuda) Ltd				
American Special Sits	$45.08	47.35	+0.34	—
Capital Protection Mar 2	$10.23	10.77	—	—
Commodity Mar 2	$24.92	26.16	—	—
Eurobond	$27.64	29.03	−0.13	—
Money Mar 5	$34.19	35.91	+0.01	6.65
Mortgage Mar 2	C$13.73	14.42	—	—
North American	$37.35	39.22	+0.28	—
Overseas	$28.66	30.11	+0.05	—
Pacific Gold	$5.14	5.41	−0.04	—
Tiger	$44.37	46.60	−0.02	—
Warburg Inv Mngmt (Isle of Man) Ltd				
Mercury 90:10 Trust (Open)				
Dollar Fd BOPUPs	$10.65	10.66	—	—
Dollar Fd OPUPs	$11.17	11.28	—	—
Sterling Fd BOPUPs	£10.80	10.81	—	—
Sterling Fd OPUPs	£12.13	12.28	—	—
DM Fd BOPUPs	DM10.31	10.32	—	—
DM Fd OPUPs	DM11.12	11.24	—	—
Yen Fd BOPUPs	$8.07	8.08	—	—
Yen Fd OPUPs	$11.04	11.15	—	—
Wardley Investment Services Ltd				
Wardley S.E. Asia Tst	$12.17	12.91	—	0.85
Wells Fargo U.S. IT Fund				
NAV Mar 2		$9.59	—	—
Yamaichi Dynamic Mngt Co SA				
Advanced Tech		$24.79	—	—

Money Market Trust Funds

	Gross	Net	Cr Equiv CAR	Int Cr
Charities Aid Funds Money Mngmt Co Ltd				
48 Pembury Road, Tonbridge TN9 2JD			0732 770114	
Cafcash Deposit Fd	14.87	—	15.72	3-Mth
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ			01-588 1815	
Deposit	14.85	—	15.70	3-Mth
Gartmore Money Management Ltd				
2-3 White Hart Yard, London SE1R 1NX			01-236 1425	
Call Fund	14.81	11.59	15.90	6-Mth
7-day Fund	14.95	11.70	16.05	6-Mth
Special Fund	14.82	—	16.32	Mth
Dollar	7.00	5.40	7.45	3-Mth

Money Market Bank Accounts

	Gross	Net	Cr Equiv CAR	Int Cr
Aitken Home Bank plc				
30 City Road, EC1Y 2AY			01-638 6070	
Treasury Acc	13.50	10.56	14.64	Qtr
Mth Int Chq £1,000-£4,999	13.50	10.56	14.77	Mth
Mth Int Chq £5,000-£49,999	14.00	10.95	15.35	Mth
Mth Int Chq £50,000+	14.50	11.35	15.94	Mth
Allied Trust Bank Ltd				
97-101 Cannon St, London, EC4N 5AD			01-629 6002	
OMNA (£2,001+)	14.50	11.35	15.94	Mth
HICA (£2,001+)	13.90	10.88	15.248	Mth
Bank of Ireland High Interest Cheque Acc				
36 Queen St, EC4R 1BN			01-425 7080	
2,000-9,999	13.738	10.750	14.922	Qtr
£10,000+	14.058	11.000	15.283	Qtr
Bank of Scotland				
38 Threadneedle St, EC2P 2EH			01 601 6746	
Money Mkt Cheque Acc	13.6	10.64	14.91	Mth
Barclays Capital Advantage Account				
94 St Paul's Churchyard EC4M 8EH			01-248 9155	
£10,000+	13.50	10.75	14.92	Qtr
Barclays Prime Account H.I.C.A.				

UNIT TRUST NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar sales hit sterling

CO-ORDINATED central bank intervention pushed the dollar down and as a by-product led to a weakening of sterling on the foreign exchanges yesterday. The move was led by the West German Bundesbank and was continued by the US Federal Reserve after the London close. It was regarded as a signal that the Bundesbank will not tolerate a fall in the value of the D-Mark, as nervousness has grown about the inflationary implications of possible German monetary union.

Dealers said the Bundesbank was particularly aggressive, offering to buy D-Marks at increasingly higher levels as it drove the dollar down. The scale of intervention by the West German authorities was estimated at between $500m and $1.5bn, but was increased by action from European central banks in Austria, Belgium, Denmark, Italy, the Netherlands, Spain and Switzerland.

This led to a very nervous tone and after the London close dollar sales by the Fed halted a rally by the US currency. It touched a low DM1.6955, but recovered to test technical resistance at DM1.7050. At the finish of trading in London the dollar had fallen to DM1.7035 from DM1.7190 before retreating below DM1.70 again on the Fed's action. At the London close the dollar also fell to Y149.75 from Y150.25; to SFr1.4990 from SFr1.5130; and to FFr5.7550 from FFr5.8100. Its index fell to 68.1 from 68.3.

Fear of co-ordinated central bank intervention had already depressed the dollar in Tokyo, after the Bank of Japan sold the US currency for the seventh straight trading day. Support for the yen by the Japanese central bank was put at $500m to $1bn according to dealers. This pulled the dollar below Y150.00, to finish at Y149.95 in Tokyo.

Sterling remained out of favour, hit by the recovery of the D-Mark and concern about the political and economic situation in the UK. Dealers suggested the pound would have been able to shrug off last week's large UK trade deficit in January if it had not been for the increasingly poor showing of the Conservative Government in the opinion polls.

This combination of depressing events left the pound friendless yesterday, and weaker against all the main trading currencies. Sterling fell 1.20 cents to $1.6390. It also declined to DM2.7925 from DM2.8375; to Y245.50 from Y248.00; to SFr2.4575 from SFr2.4975; and to FFr9.4325 from FFr9.5925. The pound's index shed 1.0 to 87.7.

Central bank intervention to support the D-Mark had little impact on the European Monetary System. The West German unit lost a little ground in terms of the Italian lira, finishing in London at L737.30 against L737.95 on Friday. The D-Mark also eased against the French franc, falling to FFr3.3785 from FFr3/3800 at the London close. The lira remained the strongest EMS currency, hovering around its cross rate limit against the weaker members.

£ IN NEW YORK

Mar.5	Latest	Previous Close
£ Spot	1.6500-1.6510	1.6475-1.6485
1 month	0.94-0.93pm	0.94-0.93pm
3 months	2.75-2.72pm	2.75-2.72pm
12 months	9.70-9.60pm	9.70-9.60pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar.5	Previous
8.30 am	88.2	89.3
9.00 am	88.0	89.4
10.00 am	87.9	89.4
11.00 am	87.8	89.3
Noon	87.8	89.3
1.00 pm	87.8	89.3
2.00 pm	87.8	89.2
3.00 pm	87.8	88.9
4.00 pm	87.7	88.7

CURRENCY RATES

Mar.5	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling #	-	1.27343	1.37097
U.S Dollar	7	1.30616	1.20171
Canadian $	13.32	1.55969	1.43304
Austrian Sch.	6½	15.8071	14.3856
Belgian Franc	10¼	46.5973	42.4563
Danish Krone	10½	8.61021	7.84114
Deutsche Mark	6.00	2.24372	2.04290
Neth.Guilder	7.00	2.58481	2.30115
French Franc	10¼	7.57573	6.90200
Italian Lira	13½	1653.61	1507.24
Japanese Yen	4¼	196.120	178.994
Norway Krone	8	8.60237	7.87599
Spanish Peseta	-	143.821	131.286
Swedish Krona	9½	0.06815	7.36406
Swiss Franc	6.00	1.96773	1.80076
Greek Drach.	20½	210.046	192.994
Irish Punt	-	N/A	0.767129

Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for Mar.2

CURRENCY MOVEMENTS

Mar.5	Bank of England Index	Morgan** Guaranty Changes %
Sterling	87.7	-22.6
U.S Dollar	68.1	-9.4
Canadian Dollar	102.3	-0.7
Austrian Schilling	109.6	+11.6
Belgian Franc	110.4	-3.1
Danish Krone	109.7	+3.7
Deutsche Mark	118.5	+24.3
Swiss Franc	109.7	+17.7
Guilder	114.4	+16.1
French Franc	104.0	-12.6
Lira	100.9	-18.6
Yen	125.6	+54.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100)**Rates are for Mar.2 .

OTHER CURRENCIES

Mar.5	£	$
Argentina	8886.90-8955.40	5405.00-5445.00
Australia	2.1720-2.1740	1.3205-1.3215
Brazil	51.3825-51.5460	31.2510-31.3410
Finland	6.5695-6.5900	3.9925-3.9975
Greece	262.75-267.25	160.10-162.70
Hong Kong	12.8490-12.8625	7.8095-7.8115
Iran	117.75*	70.40*
Korea(Sth)	1130.85-1149.10	690.50-695.90
Kuwait	0.4805-0.4820	0.2920-0.2930
Luxembourg	57.95-58.05	35.35-35.45
Malaysia	4.4490-4.4605	2.7060-2.7080
Mexico	4481.80-4500.70	2726.00-2736.00
N. Zealand	2.7990-2.8035	1.7000-1.7020
Saudi Ar.	[illegible]	[illegible]
Singapore	[illegible]	[illegible]
S. Af (Cm)	[illegible]	[illegible]
S. Af (Fn)	5.9980-6.1090	3.6430-3.7105
Taiwan	43.05-43.15	26.15-26.20
U.A.E.	6.0415-6.0485	3.6715-3.6735

*Selling rate

EURO-CURRENCY INTEREST RATES

Mar 5	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14 13/16-14⅝	15⅛-14 13/16	15⅛-15¼	15⅛-15 3/16	15⅜-15¼	15 11/16-15 9/16
US Dollar	8¼-8⅛	8¼-8⅛	8⅜-8¼	8⅞-8⅜	8½-8⅜	8¾-8⅝
Can. Dollar	13¼-13½	13⅝-13⅜	13¼-13	13¼-13	12⅞-12¾	12¾-12½
D. Guilder	8⅛-8¼	8⅝-8⅞	8 13/16-8 11/16	9-8⅞	9¼-9⅛	9⅝-9½
Sw. Franc	8⅞-8¾	9-8¾	9⅛-9	9¼-9⅛	9⅜-9¼	9½-9⅜
Deutschemark	7⅞-7¾	8-7⅞	8 3/16-8 1/16	8⅝-8½	8 15/16-8 13/16	9⅝-9½
Fr. Franc	10¼-10⅛	10¼-10⅛	10⅝-10½	10⅞-10¾	11 1/16-10 15/16	11⅜-11¼
Italian Lira	13-11	11¼-10¼	12⅛-12	12⅜-12¼	13-12⅞	13⅝-13½
Belgian Franc	10 3/16-10 1/16	10 3/16-10 1/16	10⅜-10¼	10⅝-10½	10⅞-10¾	11 1/16-10 15/16
Yen	6⅝-6½	6⅝-6½	7 5/16-7 3/16	7 7/16-7 5/16	7 9/16-7 7/16	7⅝-7½
D.Krone	12 1/16-11 15/16	12¼-12⅛	12¼-12⅛	12⅜-12¼	12⅝-12½	12⅞-12¾
Asian $Sing	8 3/16-8 1/16	8¼-8⅛	8 5/16-8 3/16	8 7/16-8 5/16	8½-8⅜	8⅝-8½

Long term Eurodollars: two years 9 1/16-8 15/16 per cent; three years 9 3/16-9 1/16 per cent; four years 9 5/16-9 3/16 per cent; five years 9⅜-9¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

Mar.5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6370-1.6485	1.6385-1.6395	1.00-0.98cpm	7.25	2.77-2.74pm	6.72
Canada	1.9490-1.9640	1.9535-1.9545	0.36-0.28cpm	1.96	1.00-0.88pm	1.92
Netherlands	3.13¾-3.16¾	3.13¾-3.14¾	1⅞-1⅝cpm	6.90	5-4⅞pm	6.26
Belgium	57.80-58.50	57.95-58.05	31-19cpm	5.15	77-59pm	4.67
Denmark	10.71-10.79½	10.71-10.72	3¼-2¼orepm	3.35	8½-7¼pm	2.99
Ireland	1.0460-1.0570	1.0475-1.0485	0.35-0.30pm	3.72	0.76-0.66pm	2.71
W. Germany	2.79-2.81¼	2.79-2.79¼	1⅞-1⅝pfpm	7.23	4¾-4⅝pm	6.70
Portugal	244.75-247.55	244.75-244.85	2-15cdis	-0.42	100-151dis	-2.05
Spain	179.25-180.65	179.35-179.65	15-6cpm	0.70	23-10pm	0.37
Italy	2057¾-2074	2058-2059	6½-3½lirepm	2.98	14½-10¾pm	2.46
Norway	10.76-10.82¼	10.76-10.77	3⅞-3¼orepm	3.96	10¼-9¼pm	3.61
France	9.42½-9.49½	9.42¾-9.43¾	4-3⅞cpm	5.00	10½-10¼pm	4.36
Sweden	10.06¾-10.12¾	10.06¾-10.07¾	½-¼orepm	0.60	1⅞-1pm	0.57
Japan	244¾-246½	245-246	1¾-1⅝ypm	8.27	4¾-4⅝pm	7.65
Austria	19.63-19.80	19.63-19.66	12⅞-11⅞gropm	7.29	32⅞-30½pm	6.45
Switzerland	2.45¾-2.47½	2.45¾-2.46¾	1⅜-1¼cpm	6.39	3¾-3⅝pm	5.98
ECU	1.3650-1.3695	1.3670-1.3680	0.56-0.53cpm	4.68	1.45-1.40pm	4.08

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.41-5.36cpm 12 Months 9.77-9.67cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Mar.5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6370-1.6485	1.6385-1.6395	1.00-0.98cpm	7.25	2.77-2.74pm	6.72
Ireland†	1.5550-1.5675	1.5630-1.5640	0.45-0.40cpm	3.25	1.60-1.50pm	3.96
Canada	1.1890-1.1930	1.1900-1.1910	0.51-0.54cdis	-5.29	1.42-1.47dis	-4.85
Netherlands	1.9110-1.9295	1.9170-1.9180	0.06-0.08cdis	-0.44	0.22-0.25dis	-0.49
Belgium	35.20-35.65	35.35-35.45	3.00-9.00cdis	-2.04	13.00-23.00dis	-2.04
Denmark	6.51¼-6.57¼	6.53¾-6.54	2.05-2.25oredis	-3.95	6.00-6.50dis	-3.83
W. Germany	1.6955-1.7140	1.7030-1.7040	0.03-0.02pfpm	0.18	0.01-0.04dis	-0.06
Portugal	149.55-149.95	149.85-149.95	90-100cdis	-7.62	320-350dis	-8.96
Spain	109.05-109.95	109.30-109.40	56-62cdis	-6.48	170-185dis	-6.50
Italy	1252-1262¾	1255¾-1256¼	3.80-5.20liredis	-4.31	12.50-14.50dis	-4.31
Norway	6.54¾-6.58¾	6.56½-6.57	1.65-1.90oredis	-3.25	4.95-5.35dis	-3.14
France	5.73-5.79	5.75¼-5.75¾	1.07-1.12cdis	-2.28	3.37-3.47dis	-2.38
Sweden	6.12¾-6.16½	6.14¼-6.14¾	3.30-3.45oredis	-6.61	9.35-9.70dis	-6.21
Japan	148.45-150.10	149.70-149.80	0.16-0.15ypm	1.25	0.38-0.35pm	0.98
Austria	11.95-12.06	11.98¾-11.99¼	0.25pm-0.20gdis	-0.23	0.30-1.60dis	-0.32
Switzerland	1.4945-1.5090	1.4985-1.4995	0.09-0.13cdis	-0.88	0.28-0.32dis	-0.80
ECU	1.1970-1.2025	1.1995-1.2005	0.26-0.25cpm	2.56	0.80-0.77pm	2.62

Commercial rates taken towards the end of London trading.† UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Mar.5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.4563	+0.68	+0.68	±1.5508
Danish Krone	7.79845	7.84114	+0.55	+0.55	±1.6453
German D-Mark	2.04446	2.04290	-0.08	-0.08	±1.1762
French Franc	6.85684	6.90200	+0.66	+0.66	±1.3618
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS [illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS [illegible]

LIFFE BUND FUTURES OPTIONS [illegible]

LIFFE EURODOLLAR OPTIONS [illegible]

LIFFE EUROMARK OPTIONS [illegible]

LIFFE SHORT STERLING OPTIONS [illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT [illegible]

US TREASURY BONDS 8% [illegible]

6% NOTIONAL GERMAN GOVT. BOND [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND [illegible]

THREE-MONTH STERLING [illegible]

THREE-MONTH EURODOLLAR [illegible]

THREE MONTH EUROMARK [illegible]

THREE MONTH ECU [illegible]

FT-SE 100 INDEX [illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8% [illegible]

JAPANESE YEN (IMM) [illegible]

DEUTSCHE MARK (IMM) [illegible]

U.S. TREASURY BILLS (IMM) [illegible]

THREE-MONTH EURODOLLAR (IMM) [illegible]

SWISS FRANC (IMM) [illegible]

STANDARD & POORS 500 INDEX [illegible]

PHILADELPHIA SE £/$ OPTIONS [illegible]

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES [illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF) [illegible]

THREE-MONTH PIBOR FUTURES (MATIF) [illegible]

CAC-40 FUTURES (MATIF) [illegible]

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6390	1.6291	1.6115	1.5852	1.5418

IMM-STERLING $e per £

	Latest	High	Low	Prev.
Mar	1.6422	1.6436	1.6410	1.6442
Jun	1.6152	1.6160	1.6136	1.6174
Sep	-	-	1.5910	1.5928

BASE LENDING RATES

[illegible]

City Merchants Bank 15; Clydesdale Bank 15; Comm.Bk.N.East 15; McDonnell Douglas Bnk. 15; Midland Bank 15; Mount Banking 15; Nat Bk. of Kuwait 15

... Savewise 8.5%, Top Tier-£10,000+ instant access 12.8% & Mortgage base rate. § Demand deposit 9%. Mortgage 15.2% - 15.95%

MONEY MARKETS

London rates firm

THERE WAS a firmer tone to interest rates on the London money market yesterday as sentiment turned against sterling and the currency weakened on the foreign exchanges. This was a follow through from last week's disappointing UK trade figures, but there was little reaction to news that new credit advanced to UK consumers was a seasonally adjusted £3.95bn in January, against a revised £3.38bn in December. Three-month interbank rose to 15⅛-15¼ per cent from 15¼-15 3/16, and 12-month money advanced to 15 11/16-15⅝ per cent from 15⅝-15½.

Short sterling futures were weak on Liffe, with June delivery falling through resistance of 84.80, to a low of 84.78, before closing at 84.83, against 84.95 on Friday.

Credit conditions were again very tight in London. The Bank of England forecast a day-to-day shortage of £1,300m, and provided total assistance of £1308m.

In an early round of help the authorities bought £486m bills, including £74m bank bills outright in band 2 at 14⅞ per cent. Another £412m bills were purchased for resale to the market on March 22, at a rate of 14⅞ per cent. Before lunch a further £53m bank bills were bought outright in band 2 at 14⅞ per cent.

In the afternoon the Bank of England purchased £644m bills outright, by way of £400m bank bills in band 1 at 14⅞ per cent; £1m Treasury bills in band 2 at 14¾ per cent; and £243m bank bills in band 2 at 14¾ per cent. Late assistance of around £125m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,779m, with bank balances below target absorbing £245m. These factors outweighed Exchequer transactions adding £260m to liquidity and a fall in the note circulation of £450m.

In Frankfurt call money eased to 7.85 from 7.90 per cent, in quiet trading as banks looked towards this month's reserve requirements and expected credit conditions to tighten as funds are drained from the market for tax payments. There was a general mood of uncertainty on the possible inflationary impact of German monetary union.

In New York the Federal Reserve added temporary funds to the banking system via $1.5bn of customer repurchase agreements, when Federal funds were trading at the assumed target rate of 8¼ per cent.

UK clearing bank base lending rate 15 per cent from October 5

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar.5) 3 months US dollars		6 months US Dollars	
bid 8 5/16	offer 8 7/16	bid 8⅜	offer 8½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9¾
Fed.funds	8 5/16
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	8.03	Three year	8.53
Two month	7.63	Four year	8.59
Three month	8.04	Five year	8.54
Six month	8.22	Seven year	8.60
One year	8.26	10-year	8.57
Two year	8.52	30-year	8.58

Mar.5	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.80-7.90	8.20-8.35	8.25-8.40	8.35-8.50	8.80-8.95	8.00
Paris	10 3/16-10 5/16	10⅜-10½	-	10¾-10⅞	-	10.00
Zurich	8¾-8⅞	8⅞-9⅛	-	9-9¼	-	-
Amsterdam	8.55-8.65	8.70-8.80	-	8.90-9.00	-	-
Tokyo	6 11/16-6 13/16	7 5/16-7 7/16	-	7 7/16-7 9/16	-	-
Milan	12⅞-13⅛	13-13½	-	13⅛-13½	-	-
Brussels	8.85	10 3/16-10½	-	10½-10⅝	-	-
Dublin	10⅞-11	11⅞-12	12⅜-12½	12⅜-12⅝	12⅞-13	-

LONDON MONEY RATES

Mar 5	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15⅞	15	15⅛	15⅛	15⅜	15 11/16
Interbank Bid	14	14⅞	15	15⅛	15¼	15 9/16
Sterling CDs.	-	-	15 1/16	15⅛	15⅜	15⅝
Local Authority Deps.	15	14⅞	15 1/16	15¼	15⅜	15⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15	14 13/16	14 13/16	14⅞	-	-
Company Deposits	-	-	15⅛	15⅛	15½	15¾
Finance House Deposits	-	-	15 1/16	15¼	15⅜	15⅝
Treasury Bills (Buy)	-	-	14 13/16	14 11/16	-	-
Bank Bills (Buy)	-	-	14⅞	14 13/16	14⅝	-
Fine Trade Bills (Buy)	-	-	15⅛	15 1/16	14 15/16	-
Dollar CDs.	-	-	8.32	8.35	8.42	8.65
SDR Linked Dep. Offer	-	-	9	9¼	9⅜	9½
SDR Linked Dep. Bid	-	-	8⅞	9⅛	9¼	9⅜
ECU Linked Dep. Offer	-	-	10⅝	11 1/16	11½	11¾
ECU Linked Dep. Bid	-	-	10⅝	11 1/32	11⅜	11⅝

Treasury Bills (sell); one-month 14 31/32 per cent; three months 14⅝ per cent; Bank Bills (sell): one-month 14 13/16 per cent; three months 14 31/32 per cent; Treasury Bills; Average tender rate of discount 14.4945 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 28 ,1990 . Agreed rates for period March 26 1990 to April 24 , 1990, Scheme I: 15.87 p.c., Schemes II & III: 16.41 p.c. Reference rate for period Feb.1,1990 to February 28 , 1990, Scheme IV&V: 15.141 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from March 1 , 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989 , Deposits withdrawn for cash 5 per cent.

GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
343	295	Ass. Brit. Ind. Ordinary	340	0	10.3	3.0	9.2
38	19	Armitage and Rhodes	20	0	-	-	-
210	149	Bardon Group (SE)	177	0	4.3	2.4	17.2
125	102	Bardon Group Cv Pref (SE)	111	0	6.7	6.0	-
123	74	Bray Technologies	77	0	5.9	7.7	6.8
110	92	Bremhill Conv. Pref	92	0	11.0	12.0	-
315	285	CCL Group Ordinary	314	-1	14.7	4.7	3.9
176	165	CCL Group 11% Conv.Pref	169	0	14.7	8.7	-
225	140	Carbo Plc (SE)	210	0	7.6	3.6	12.4
110	109	Carbo 7.5% Pref (SE)	110	0	10.3	9.4	-
7.5	0.125	*Magnet Gp Non-Voting A Cnv.	0.125	0	-	-	-
5	0.125	*Magnet Gp Non-Voting B Cnv.	0.125	0	-	-	-
130	93	Isis Group	93	0	8.0	8.6	5.3
145	58	Jackson Group (SE)	107	0	3.6	3.3	12.4
322	253	Multihouse NV (AmstSE)	256	0	-	-	-
158	98	Robert Jenkins	134	+1	10.0	7.5	4.9
467	360	Scrattons	361	0	18.7	5.2	9.6
300	270	Torday & Carlisle	300xd	0	9.3	3.1	10.5
117	100	Torday & Carlisle Cnv Pref	104xd	0	10.7	10.3	-
160	106	Unistrut Europe Conv Pref	157	0	9.3	5.9	-
395	300	Veterinary Drug Co. PLC	300	0	22.0	7.3	9.4
370	284	W.S Yeates	284	-1	16.2	5.7	23.7

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The ISE. Other securities listed above are dealt in subject to the rules of TSA
These securities are dealt in strictly on a matched bargain basis. Neither Granville & Co. Limited nor Granville Davies Limited are market makers in these securities
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FTSE 100	WALL STREET
Mar. 2231/2241 -25	Mar. 2647/2659 -8
Apr. 2245/2255 -25	Apr. 2662/2674 -8

5pm Prices. Change from previous 9pm close

FINANCIAL TIMES CONFERENCES

The following conferences will be arranged by the Financial Times this Spring:

COMPETITION, MERGERS, ACQUISITIONS AND ALLIANCES IN EUROPE
London 13 & 14 March

FINANCIAL TIMES/ PRICE WATERHOUSE CAPITAL MARKETS WORKSHOPS
London 21, 22 & 23 March and 16, 17 & 18 May

WORLD PHARMACEUTICALS
London 26 & 27 March

THE EUROPEAN WATER INDUSTRY
London 26 & 27 March

VENTURE FORUM EUROPE '90
Paris 4, 5 & 6 April

FT-CITY COURSE
London 17 April - 4 June

INDUSTRY AND THE ENVIRONMENT
London 23 & 24 April

THE SEVENTH EUROPEAN PETROLEUM AND GAS CONFERENCE
Amsterdam 21 & 22 May

EUROPEAN TRANSPORT IN THE 90s
London 21 & 22 May

MANUFACTURING STRATEGIES FOR THE 90s
Birmingham 23 & 24 May

FINANCE, INVESTMENT AND TRADE WITH THE SOVIET UNION
Moscow 30 & 31 May

All enquiries should be addressed to:
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THE TAIYO KOBE BANK, LTD.
London Branch
Change of Name and Address

Correction to announcement published on 28th February, 1990

The amount of Reverse/Fixed Rate Notes Due 1996 for Kawasaki Steel Corporation should have been stated as JPY 10,000,000,000.

JOTTER PAD

CROSSWORD

No.7,181 Set by DANTE

ACROSS

1 Travellers in damson jam (6)
4 Gets angry when signs of distress are seen? (6,2)
9 Control earth's gravity over the pole (6)
10 Time turns around it (8)
11 Awkward truths forcibly put forward (6)
12 Checkers of medical doses (8)
13 Weedkiller (3)
14 Nominal winner (6)
17 They're pointed out in the English Channel (7)
21 He puts up the points or puts them down (6)
25 Service charge (8)
26 An appointment with the French missionaries (8)
27 Do wrong in backing students (4,2)
28 NCO astray in classic Scottish port (8)
29 Minimum investment for patrons of the pools (6)
30 Widespread colours (8)
31 Consents, but will be a long time coming round again (6)

DOWN

1 Not a positive denial (8)
2 Independent young beef producer (8)
3 Scoffing inside or out (8)
5 Ventilator in a gallery (6)
6 Way to the top – and why you can't get there? (4,2)
7 Workshop occupied by strikers (6)
8 Wrongly push in? It's correct (6)
12 Does old-fashioned scribbles (7)
15 He's about to get a kiss (3)
16 An engaging answer? (3)
18 Having a row? (8)
19 It gives a lead to writers (8)
20 Pictures of computers (8)
22 Burn's sheepish chieftain (6)
23 One girl to argue with another (6)
24 Attacked for being drunk? (6)
25 One who foils trespassers! (6)

Solution to Puzzle No.7,180

PALESTINE DEPOT · SOUSE NAPHTHENE · REDECORATE DEFT · CHEERED YARDAGE · MUSTARD PASSANT · LIMA AFTERLIGHT · AEROPLANE ENSUE · TRYST EVENTUATE

WORLD STOCK MARKETS

CANADA

TORONTO

2pm prices March 5

INDICES

NEW YORK

DOW JONES	Mar 2	Mar 1	Feb 28	Feb 27	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2660.36	2635.59	2627.25	2617.12	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	90.89	91.00	91.19	91.18	94.15 (2/8/89)	87.36 (23/3/89)	—	—
Transport	1145.98	1133.89	1129.09	1116.29	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	219.63	219.13	220.38	218.80	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2669.82 (2655.63) Low 2630.18 (2607.88)

STANDARD AND POOR'S

	Mar 2	Mar 1	Feb 28	Feb 27	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	335.54	332.74	331.89	330.26	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	386.25	383.02	382.02	380.42	411.20 (2/1/90)	318.66 (3/1/89)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	29.11	28.90	28.84	28.64	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	184.97	183.52	183.07	182.16	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	356.12	354.64	352.90	351.40	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	431.02	427.21	425.83	422.61	485.73 (9/10/89)	378.56 (3/1/89)	485.73 (9/10/89)	54.87 (31/10/72)

	Feb 23	Feb 16	Feb 9	year ago (approx.)
Dow Industrial Div. Yield	4.26	4.14	4.09	3.75

	Feb 28	Feb 21	Feb 14	year ago (approx.)
S & P Industrial div. yield	3.13	3.16	3.11	3.23
S & P Indl. P/E ratio	14.47	14.32	14.21	12.68

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Texas Utilities	4,110,700	34¾	+ ⅛
Philip Morris	2,690,600	36⅞	+ ⅞
Gen Motors	2,471,300	46	+ 1
Philadel Elect	2,197,200	17¾	− ⅛
Bipher Ind	2,079,000	24¾	⅛
Pepsico	1,837,300	57	− ⅞
Global Marine	1,836,300	4⅞	+ ⅛
Phillips Pet	1,701,200	26	+ ½
Gen Electric	1,684,600	62⅞	+ ⅛
Nat Semicondtrs	1,435,200	7⅛	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Mar 2	Mar 1	Feb 28
New York	164.330	157.930	184.410
Amex	14.964	14.446	13.159
NASDAQ	132.375	134.245	129.395
Issues Traded	1,960	1,955	1,968
Rises	979	837	929
Falls	476	638	566
Unchanged	505	480	473
New Highs	28	30	29
New Lows	24	36	47

CANADA TORONTO

	Mar 2	Mar 1	Feb 28	Feb 27	1989/90 HIGH	1989/90 LOW
Metals & Minerals	3133.53	3094.08	3010.87	2946.90	3919.2 (1/9/89)	2921.03 (23/2/90)
Composite	3707.42	3700.15	3686.70	3660.28	4037.8 (6/10/89)	3350.5 (6/1/89)
MONTREAL Portfolio	1896.00	1888.32	1880.99	1867.02	2069.68 (10/10/89)	1677.48 (3/1/89)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Mar 5	Mar 2	Mar 1	Feb 28	1989/90 HIGH	1989/90 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1581.3	1568.2	1570.5	1575.1	1781.8 (29/8/89)	1402.9 (7/4/89)
All Mining (1/1/80)	800.3	793.3	793.5	794.6	875.1 (29/8/89)	652.6 (7/4/89)
AUSTRIA						
Credit Aktien (30/12/84)	658.86	659.05	662.04	662.10	663.28 (19/2/90)	219.5 (2/1/89)
BELGIUM						
Brussels SE (1/1/80)	5776.79	5753.93	5727.13	5679.33	6805.28 (26/9/89)	5519.30 (4/1/89)
DENMARK						
Copenhagen SE (3/1/83)	367.16	364.91	362.89	365.96	380.32 (5/2/90)	275.49 (27/2/89)
FINLAND						
Unitas General (1975)	654.3	648.4	650.3	654.2	815.8 (18/4/89)	580.8 (23/11/89)
FRANCE						
CAC General (31/12/82)	504.87	496.85	497.79	497.51	561.6 (11/10/89)	417.9 (4/1/89)
CAC 40 (31/12/87)	1874.43	1860.48	1832.44	1849.68	2006.42 (4/1/90)	1525.38 (27/2/89)
GERMANY						
FAZ Aktien (31/12/58)	769.41	757.55	753.79	756.88	807.13 (5/2/90)	535.78 (27/2/89)
Commerzbank (1/12/53)	2242.9	2208.2	2197.4	2206.8	2378.8 (6/2/90)	1595.7 (27/2/89)
DAX (30/12/87)	1833.16	1818.23	1787.87	1809.92	1939.43 (5/2/90)	1271.70 (23/2/89)
HONG KONG						
Hang Seng Bank (31/7/64)	2938.68	2937.93	2933.13	2951.98	3309.64 (15/5/89)	2093.61 (5/6/89)
IRELAND						
ISEQ Overall (4/1/88)	1772.34	1790.06	1797.44	1796.27	1893.10 (22/1/90)	1360.64 (10/1/89)
ITALY						
Banca Com. Ital. (1972)	655.71	659.79	654.50	655.71	734.84 (31/8/89)	577.49 (28/2/89)
JAPAN						
Nikkei (16/5/49)	33845.20	34057.56	33829.58	34591.99	38915.87 (29/12/89)	30183.79 (5/1/89)
Tokyo SE (Topix) (4/1/68)	2535.48	2541.97	2536.01	2565.54	2884.80 (18/12/89)	2366.91 (6/1/89)
2nd Section (4/1/68)	4157.27	4153.38	4100.36	4090.79	4284.68 (9/2/90)	2774.38 (27/3/89)
MALAYSIA						
KLSE Composite (4/4/86)	605.26	603.64	608.20	603.18	622.20 (20/2/90)	357.31 (3/1/89)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	244.6	245.9	242.9	244.8	272.7 (21/9/89)	208.3 (3/1/89)
CBS All Shr (End 1983)	187.7	188.7	186.3	187.8	210.5 (8/9/89)	166.7 (1/3/89)
NORWAY						
Oslo SE (2/1/83)	817.18	800.85	794.80	793.93	817.18 (5/3/90)	467.17 (2/1/89)
PHILIPPINES						
Manila Comp (2/1/85)	1014.09	1028.32	1016.21	1015.95	1396.26 (20/11/89)	804.62 (6/2/89)
SINGAPORE						
SES All-Singapore (2/4/75)	429.46	429.46	427.70	429.29	443.34 (6/2/90)	300.07 (4/1/89)
SOUTH AFRICA						
JSE Gold (28/9/78)	1893.0	1879.0	1885.0	1919.0	2254.0 (12/12/89)	1291.0 (15/2/89)
JSE Industrial (28/9/78)	2983.0	2975.0	2982.0	3010.0	3211.0 (6/2/90)	1961.0 (3/1/89)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	865.22	884.07	(c)	861.59	1007.80 (3/4/89)	833.81 (26/2/90)
SPAIN						
Madrid SE (30/12/85)	271.74	271.18	271.51	273.41	328.93 (13/9/89)	268.61 (1/3/89)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1160.30	1163.80	1166.60	1175.10	1372.95 (16/8/89)	1021.96 (9/1/89)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(u)	754.0	749.4	756.0	829.1 (6/9/89)	613.1 (3/1/89)
TAIWAN**						
Weighted Price (30/6/66)	11019.36	11436.99	11439.85	11661.73	12495.34 (10/2/90)	4873.01 (5/1/89)
THAILAND						
Bangkok SET (30/4/75)	813.98	811.24	812.94	813.67	918.67 (5/1/90)	386.73 (2/1/89)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	512.9	510.7	515.9	571.0 (4/1/90)	487.6 (25/4/89)

**Saturday Mar. 3: Taiwan Weighted Price: 11379.79 Korea Comp Ex. 881.44

& Subject to official recalculation.

δBase values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Monday March 5 1990

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Okumura	9.4m	1,880	+90	Tokyo Elctrn	5.4m	4,080	-10
Hitachi	8.4m	1,580	-10	Nippon Steel	5.1m	665	+1
Kyokuyo	8.2m	2,050	+90	Toda Constr	5.1m	2,570	+80
Tokyo Steel	7.9m	5,800	+40	Ando Constr	4.7m	1,770	+60
Seto Kogyo	7.2m	2,160	+130	Chiba Bank	4.3m	1,280	-60

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3pm prices March 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A–A–A –								
37½	25	AAR	.48	1.5	19	125	31⅞	31⅝	31¾	+ ⅛
9¾	8½	ACM n	1.26	14.		x14	9⅛	9	9	
11⅜	10½	ACMIn	1.26	11.		x503	11⅛	11	11⅛	
9⅞	7⅞	ACM M	m1.01	12.		x141	8⅛	8	8⅛	+ ⅛
12⅛	11½	ACMMM				232	11⅞	11¾	11⅞	
11½	10	ACM Sc	1.26	11.		626	11⅛	11	11	
9⅝	8⅝	ACMSp	1.01	11.		182	9⅛	9	9⅛	
22¼	13	AL Lab	.16	.7	21	287	21⅜	21	21⅜	+ ¼
6¼	3⅜	AM Intl			12	281	3⅝	3½	3⅝	+ ⅛
107¼	62⅝	AMR			9	4283	62⅞	61⅝	61⅞	+ ⅛
24⅞	23⅛	ANR pf	2.12	8.9		1	23⅞	23⅞	23⅞	– ⅛
6½	3¼	ARX				99	3⅝	3⅝	3⅝	+ ⅛
72⅛	39	ASA	3a	5.8		800	52⅝	51	51⅛	– ⅝
70⅞	50⅞	AbtLab	1.40	2.2	17	1590	65⅛	64⅞	64⅞	– ⅝
17¼	11¼	Abitibi g	.50			35	13	12⅞	12⅞	
13	8⅞	AcmeC	.40	4.1	11	17	10	9⅞	9⅞	
9¼	6⅝	AcmeE	.32	3.6	11	4	8⅞	8⅞	8⅞	– ⅛
38½	27	Acuson			21	309	33⅝	33⅛	33¼	– ⅛
16½	12⅞	AdaEx	2.08e	13.		103	15⅞	15⅝	15⅝	– ⅛
15⅝	7¼	Adobe				46	13¼	12⅞	13¼	+ ⅜
21⅞	19⅞	Adob pf	2.40	11.		7	21¼	21¼	21¼	
10½	6⅞	AMD			7	4282	9⅛	8⅞	9⅛	+ ⅛
35	28¼	AMD pf	3	10.		66	30	29½	29½	– ½
10⅛	5	Advest	.16	2.3	9	152	6⅞	6⅞	6⅞	+ ⅛
62½	48½	AetnLf	2.76	5.5	9	969	51⅛	50⅞	50⅞	– ⅛
14	9⅞	AflPb	.24	2.2		250	10⅞	10⅞	10⅞	+ ⅛
25	16⅛	Ahmans	.88	4.6	10	411	19⅜	19	19	– ⅜

Continued on Page 43

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
[illegible]	[illegible]	RAC In1.29a		12.		81	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	RAC	.45e	14.3	13	122	[illegible]	5	[illegible]	
[illegible]	[illegible]	RLI Cp	.40	4.0	7	17	10	10	10	
[illegible]	[illegible]	ROC Fd.26e		2.6		353	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	RPC			17	60	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	RPS	.31e	14.	8	119	6	[illegible]	6	[illegible]
[illegible]	[illegible]	Racal	.28e	.4	42	366	64	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Radice n				1	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	RalsPur 1.85		2.3	16	2321	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	RangrO			30	273	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	Raycm	.32	1.2	36	348	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	RJamF	.24	1.3	7	87	19	[illegible]	19	[illegible]
[illegible]	18	Rayonr 2.60		11.	6	185	[illegible]	24	24	
65	60	Raythn 2.20		3.6	8	1057	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	21	RdrDg n				3077	[illegible]	[illegible]	[illegible]	
5	15-16	RdgB s				193	3	[illegible]	[illegible]	[illegible]
17	[illegible]	REIT	1.36	9.6	10	24	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	RecnEq				145	[illegible]	[illegible]	[illegible]	[illegible]
20	[illegible]	Reebok	.30	1.7	12	4968	[illegible]	[illegible]	[illegible]	[illegible]
16	[illegible]	Recog	.15e	1.6		5	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	7-64	Regal				63	[illegible]	11-32	11-32	
[illegible]	[illegible]	RegIFn	.29e	3.4		84	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	ReichTg 1.78e		12.	8	26	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	RelGrp	.32	6.9	16	450	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Repsol	n.27e	1.2		499	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	RepGyp	.20	4.1	35	78	5	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	RepNY 1.32		2.7	12	192	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Rexene			8	64	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	ReyRey	.80	3.9	8	170	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	ReyMtl 1.80		3.3	6	x1388	55	[illegible]	55	[illegible]
[illegible]	34	RhP pfC				11	[illegible]	35	[illegible]	[illegible]

[illegible]

AMEX COMPOSITE PRICES

3pm prices March 5

[illegible]

NASDAQ NATIONAL MARKET

3pm prices March 5

[illegible]

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
WiserO	.40	27	205	[illegible]	20	[illegible]	[illegible]
Wolohn	.20b	9	66	15	[illegible]	15	[illegible]
WlvEx h			604	[illegible]	[illegible]	12	[illegible]
Worthg	.56	15	257	[illegible]	[illegible]	[illegible]	[illegible]
Wyman	.60		92	14	[illegible]	[illegible]	
—X—Y—Z—							
XL Dta s		5	637	[illegible]	8	[illegible]	[illegible]
XOMA			9063	[illegible]	19	19	−2
Xicor		163	590	[illegible]	[illegible]	[illegible]	
Xyvsn			472	[illegible]	d [illegible]	[illegible]	[illegible]
YanEnS	1.14e	15	3	21	21	21	
YelowF	.76	39	794	[illegible]	[illegible]	[illegible]	[illegible]
YorkRs		19	2059	11	[illegible]	11	[illegible]
ZionUt	1.44	12	5	[illegible]	27	[illegible]	[illegible]

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FINANCIAL TIMES

Tuesday March 6 1990

AMERICA

American Express move enlivens lethargic session

Wall Street

LETHARGY descended on Wall Street yesterday morning after the string of substantial gains last week, *writes Anatole Kaletsky in New York.*

The Dow Jones Industrial Average had lost some ground on mild profit-taking by lunchtime, after drifting during the morning within a range of 10 points above and below its previous close. On Friday, the Dow had risen by 24.77 points, rounding off a week of uninterrupted advances.

By 2 pm yesterday, the Dow was down 14.64 at 2,645.72. Volume was moderate, with 85m shares changing hands in a market where advancing and declining shares were almost exactly balanced.

Traders looked in vain for leadership from other markets. The US bond market was down slightly, reacting to the apparent capping of the dollar's advance by central bank intervention in Tokyo and Europe. By lunchtime, the Treasury's benchmark long bond had declined ⅜ to 99⅝, a price at which it yielded 8.57 per cent. But trading in the bond market was thin and equity investors seemed fairly unconcerned about the decline.

There was a little disappointment in early trading over the Tokyo stock market's weak overnight performance. But many investors still took the view that Tokyo was probably stabilising and that even a hike in the Bank of Japan's official discount rate had now been thoroughly discounted. In fact, some analysts were looking forward to an increase in Japanese rates, on the theory that this would clear up some of the uncertainties which were clouding all of the world's leading financial markets.

The main news which moved prices yesterday was the announcement by American Express on Sunday night that it would buy out the publicly held minority stake in Shearson Lehman Hutton, its troubled stockbroking arm. American Express fell $1⅛ to $27⅞ in heavy trading, which made Amex the busiest issue. Shearson declined $⅝ to $11⅞, also in heavy trading. The decline in both prices was attributed to the fact that Amex would offer its own stock, rather than cash, for the 28m Shearson shares it did not own.

The only other special situation was a report that MCA, the big entertainment group, was in discussions with several foreign companies about the possible sale of its records division. Its shares rose $1 to $57.

Among the blue chips, the heaviest trading was again in Philip Morris, which rose $⅝ to $37½. Other consumer issues also did relatively well. Many technology stocks also advanced, led by IBM, up $⅝ at $105⅛, and Digital Equipment, which rose $⅞ to $75⅞.

Heavy industrial issues, which had done well towards the end of last week came in for some profit-taking. General Motors, which advanced on Friday, was down $¼ at $45⅝ in heavy trading.

Canada

INVESTORS showed little interest in the market in Toronto where stocks held slim gains in quiet trade. The composite index firmed 7.9 to 3,715.3 on volume of 9.3m shares, and declines outnumbered advances by 206 to 199.

Banks continued to rise, following better-than-expected first quarter results. Royal Bank rose C$⅛ to C$22⅞ and Bank of Montreal C$⅛ to C$28⅝. Noranda gained C$⅛ to C$22⅛, due to rising nickel prices.

American Barrick slipped C$⅝ to C$22⅛ in spite of comments by the president, Mr Robert Smith, that the gold company would earn 30 per cent more in 1990 and was on schedule to meet its 1992 production target.

EUROPE

Late selling trims early gains in West Germany

LATE selling was detected on some bourses yesterday, in contrast to the closing surge last Friday, *writes Our Markets Staff.*

FRANKFURT reversed another pattern, as well. Last week, the DAX was the more mercurial index, reflecting trading action in the big blue chips. Yesterday an 11.86, or 1.6 per cent rise to 769.41 in the FAZ at midsession was followed by one of 14.93, or 0.8 per cent to 1,833.16 in the DAX at the close.

In the morning, the market was encouraged by stability in domestic bonds; it also saw an apparent compromise in the negotiating position of IG Metall, West Germany's biggest union, which indicated over the weekend that its demands for a 35 hour week might be postponed. Profit-taking emerged to cut share prices later in the day.

Mr Theo Kitz, an analyst with SBC, said yesterday that IG Metall had planned to compromise on the hours issue. The union will soon renew its aggressive stance, he said, and sectors like shipbuilding, aerospace, engineering and electricals will stand out as potential targets for strike action.

Volume rose again, from DM6.6bn to DM7bn. Dealers said that chemicals were helped by foreign interest, particularly from Japanese sources; Bayer led the sector, rising DM6.10 to DM319.80.

PARIS made a moderate advance in thin trading, with some leading blue chips rising in reasonable volume. The CAC 40 index gained 13.95 to 1,874.43 in turnover estimated at less than FFr2bn, compared with Friday's FFr2.1bn.

Last week's star performer, Peugeot, fell back a shade, but trading remained active with 286,800 shares changing hands. One salesman said that the decline of FFr16 to FFr825 could reflect some profit-taking, but he believed there was still a big buyer around.

Among the most active issues, Michelin rose FFr5 to FFr141, CGE gained FFr8 to FFr562, Lafarge found FFr11 to FFr346 and Suez added FFr4.60 to FFr435.60.

MILAN saw a mutual funds net outflow of L386bn in February, down from L689bn in January. Blue chips picked up accordingly, with Fiat L220 higher at L10,150.

Unfortunately, profit-taking came along and left the Comit index 4.08 lower at 655.71. One of the worst fallers of the day was Italmobiliare, financial holding company of the Pesenti group. Italmobiliare had been firm on expectations of a share split, which would have made the shares more marketable; instead of that, shareholders were told of a L100bn rights issue at the end of last week and the shares fell L6,350 yesterday to L208,200.

AMSTERDAM edged up in a quiet session, as the CBS tendency index rose 0.4 to 107.3. Hoogovens, the steelmaker, built on Friday's rise of Fl 2.90 with a gain of Fl 2.80, or 4.1 per cent, to Fl 70.50 after declining for most of the year so far.

Bührmann-Tetterode, the paper and office equipment supplier, rose 20 cents to Fl 54.80 after reporting net profit excluding extraordinary gains up by more than 30 per cent. Wessanen, the food company, lost 30 cents to Fl 62.50 before its annual results, due on Thursday.

Royal Dutch lost Fl 2.10 to Fl 143.70 as the dollar declined, while Philips shed 60 cents to Fl 40 in the day's most active trading of 505,313 shares, after its results on Friday.

BRUSSELS was slightly firmer, in moderate trade, on the final day of the fortnightly trading cycle. The cash index rose 22.86 to 5,776.79.

Recent gains by Hoogovens in Amsterdam seemed to be helping the steel stocks in Brussels. Arbed of Luxembourg rose BFr85 to BFr4,535 and Clabecq climbed BFr40 to BFr3,390.

MADRID was little changed in light trading, with the construction sector making slight gains and the banks mostly declining.

The general index rose 0.56 to 271.74. Banco Central added Pta10 to Pta4,585 on its first day of trading on the continuous market, while Banesto and Popular each eased Pta20, to Pta4,230 and Pta8,180 respectively.

OSLO surged on the positive outlook for the Norwegian economy and the continued strength of North Sea oil prices. The all-share index rose 11.98 to 624.23, surpassing the previous high set on February 19. Turnover was strong at NKr670.96.

The oil price helped Saga Petroleum B shares add NKr3 to NKr105 and Norsk Hydro rise NKr4 to NKr201.5. Elkem free shares jumped NKr19 to NKr270 on higher aluminium and ferro-alloy prices.

HELSINKI rose after Sunday's settlement of the banks' month-long dispute, although the banks had not reopened yesterday. The Unitas all-share index rose 5.9 to 654.3.

STOCKHOLM closed slightly lower, with the Affärsvärlden index 3.5 off at 1,160.3. Activity was low before news of Volvo's annual figures, which are due today.

Esab free B shares rose SKr7 to SKr340 after the welding equipment maker announced a 46 per cent rise in annual profits. Trelleborg, the metals conglomerate, rose SKr7 to SKr159 on last week's strong results.

VIENNA edged up to another record on buying by small investors. The bourse index rose 1.06 to 703.82.

Strong US survives Japanese see-saw ride

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1990	Start of 1990	Start of 1990
Austria	+1.23	+12.20	+141.51	+47.00	+41.08	+44.44
Belgium	+1.68	−8.41	−6.44	−12.70	−14.85	−12.82
Denmark	−0.06	−3.43	+34.04	+0.70	−1.58	+0.78
Finland	+0.95	−0.14	−3.94	+10.14	+8.31	+10.90
France	+2.80	−4.06	+15.41	−7.48	−10.02	−7.88
W. Germany	+0.74	−6.37	+34.83	+1.65	−2.30	+0.03
Ireland	+0.96	−3.12	+21.85	+3.37	+0.86	+3.27
Italy	−0.48	−4.82	+7.14	−6.10	−8.31	−6.12
Netherlands	+1.69	−3.85	+8.14	−7.20	−10.54	−8.40
Norway	+1.78	+1.86	+32.79	+16.82	+14.44	+17.17
Spain	−0.66	−6.38	−2.26	−9.37	−11.93	−9.83
Sweden	+0.20	−9.18	+14.14	−6.62	−8.32	−6.13
Switzerland	−0.36	−3.52	+16.57	−3.65	−4.07	−1.78
UK	+0.64	−4.29	+6.37	−6.97	−6.97	−4.75
EUROPE	+0.82	−4.71	+12.38	−5.65	−6.70	−4.47
Australia	−1.13	−5.84	+7.34	−4.48	−10.12	−7.97
Hong Kong	+1.73	+6.34	−6.50	+2.76	−0.85	+1.52
Japan	−1.11	−9.36	−1.06	−13.87	−19.49	−17.57
Malaysia	−0.87	−0.87	+50.41	+3.37	+0.68	+3.09
New Zealand	+1.49	−7.19	−4.74	−8.89	−11.81	−9.71
Singapore	+0.50	−2.17	+33.03	+7.08	+6.03	+8.56
Canada	+1.64	−0.31	+5.34	−4.90	−9.88	−7.73
USA	+3.54	+1.33	+14.62	−4.95	−7.17	−4.95
Mexico	−0.37	+3.70	+184.28	+18.41	+13.90	+16.63
South Africa	−1.34	−9.43	+39.41	+3.66	−0.91	−0.91
WORLD INDEX	+0.90	−4.64	+7.22	−8.47	−12.14	−10.04

† Based on March 2 1990. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited.

By Jacqueline Moore

THE JAPANESE see-saw left most global markets unmoved last week, the World Index ending slightly higher thanks to a strong showing by the US.

A fear of higher interest rates remained the chief cause of Japan's depression; the market has now fallen 13.9 per cent this year in local currency terms – the worst performance in the world in 1990.

However, futures-related programme trading lay behind much of the volatility on the Nikkei average last week – the index fell 4.5 per cent on Monday, followed by a decline of 1.7 per cent, a rise of 2, a loss of 2.2 and a gain of 0.7. The FT-Actuaries Japan index finished the week with a modest loss of 1.1 per cent.

Analysts do not expect any immediate change in the pattern. "A weaker yen and bond market, coupled with interest rate jitters and low volumes as institutional investors remain sidelined ahead of March year-end, will mean that volatile, light trading will continue," writes Mr Dominic Jennings of brokers Nomura.

Some of the week's largest improvements were in North America. In New York the Dow Jones Industrial Average enjoyed a week of gains, encouraged by the strength of the dollar and of bonds. The market responded well to good economic statistics, including a downward revision of inflation data, and it also overcame news of a record fall in monthly durable goods orders.

Good economic figures also supported France, Europe's best performer last week with a gain of 2.8 per cent. A better-than-expected French trade deficit, announced on Wednesday, brought out the buyers, with leading blue chips making strong advances.

One highlight was Peugeot. The car maker, which picked up 11.7 per cent over the week in active trading. In the wake of the collaboration between Renault of France and Volvo of Sweden the previous week, Peugeot was relatively cheap.

"Stories of possible stake-building [in Peugeot] remind us of the heady days of corporate structuring last year," says Kleinwort Benson. "While these are unlikely to return, . . . it does at least focus investors' eyes on the value to be found in the cheaper end of the market."

This year, however, the French market has declined by 7.4 per cent in local currency terms. Most European markets remain stuck in negative territory, with only Austria, 47 per cent ahead, Norway, 16.8 per cent higher, and Finland, up 10.1 per cent, showing notable strength.

The other significant winners in Europe last week included Norway, the Netherlands and Belgium. Firm oil prices lifted Norwegian shares, with industrials and shipping stocks making healthy gains. The Dutch bourse was busy digesting results from Akzo, Unilever, Philips and, in banks, Amro and ABN; the market's gain last week came in sluggish overall trading.

Belgium focused on Fabrique Nationale, the arms maker, which rose 10 per cent on Wednesday on speculative buying, before falling back 8 per cent on Friday after announcing its 1989 results.

ASIA PACIFIC

Nikkei slips again as Sony falls from favour

Tokyo

WEAKNESS in the yen and a gloomy prognosis on Sony, a recent market favourite, led share prices lower in very quiet trading yesterday, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average started slipping soon after the market opened and dipped below 34,000 by the morning close. It continued on a downtrend throughout the day to finish 212.36 points lower at 33,845.20. The day's high was 34,118.06 and the low was 33,751.69.

Declines outnumbered advances by 512 to 433 with 177 were unchanged. Volume slipped to 422m shares from the 595m traded on Friday. The broad-based Topix index lost 6.49 to 2,535.48 and, in London trading, the ISE/Nikkei 50 index rose 0.13 to 1,848.24.

The weekend agreement between Prime Minister Toshiki Kaifu and President George Bush to enhance exchange rate co-operation did not stop the yen from losing further ground against the US dollar. This put pressure on the bond market, which in turn spilled into equities.

Selling in arbitrage with the futures market also contributed to the downtrend, analysts said, and a general nervousness reflected anticipation of the expiry of the March futures contract on March 8.

Another concern was the slight downward revision for Sony in the quarterly handbook from Toyo Keizai, which is widely used as a source by investors. The news dampened the optimism surrounding the earnings prospects of high-technology issues which has been a pillar of the market recently. Sony fell Y80 to Y8,270 and Hitachi, second in volume with 8.4m shares, dropped Y10 to Y1,560.

On the brighter side, the moderate tone of the Palm Springs meeting between Mr Kaifu and Mr Bush came as positive news to the market. The prospect of increased public investment turned attention to construction companies, many of which were expected to post good profits in the next business year.

Investors also expected investment trusts to raise the proportion of construction issues in their portfolios, which has fallen from last year. Okumura, which topped the volumes list with 9.4m shares, rose Y90 to Y1,880.

Kyokuyo, a fishing company, was third most actives with 8.2m shares traded and rose Y90 to Y2,060. It has been pursued by speculators who were thought to be cornering the shares, but yesterday's buying came from a wide range of individuals, brokers said.

High-tech issues lost their sparkle in Osaka and the OSE average fell 99.40 to 36,467.20. Volume declined to 52m shares from the 99m on Friday. Nintendo, the maker of video games, took a beating from profit-takers and lost Y900 to Y18,900.

Roundup

THE REST of the markets in the region were generally tentative in quiet trade, as Tokyo's continued weakness and local political events combined to create a mood of doubt.

AUSTRALIA rallied and the All Ordinaries index, which slipped 12.8 points last week, rose 13.1 to end at 1,581.3. Volume remained thin at 79.7m shares, up from Friday's 66m, before the national elections and on uncertainty over domestic interest rates.

Elders IXL gained 9 cents to A$2.28 on news of the sale of its stake in Scottish & Newcastle Breweries in the UK.

Boral, a building products concern, added 7 cents to A$3.67 before news that its first-half profit had risen 17.3 per cent. CRA, a mining group due to announce its figures tomorrow, rose 20 cents to A$11.80.

NEW ZEALAND closed little changed in light trading. The Barclays index rose 3.32 to 1,814.84. Volume was low with just 4.2m shares traded.

Carter Holt Harvey, a forestry and fishing concern, topped turnover with 1.1m shares, including two parcels of 500,000 shares at NZ$2.60. It ended down 2 cents at NZ$2.58.

Brierley Investments rose 1 cent to NZ$1.75. Its annual results are due on Thursday.

Fletcher Challenge added 3 cents to NZ$4.13 before announcing a £300m syndicated finance facility after the stock market closed.

HONG KONG ended narrowly mixed in moderate trade, as caution before tomorrow's budget kept attention focused on second liners. The Hang Seng index inched up 0.75 to 2,938. Turnover remained below the HK$1bn level at HK$942m.

SINGAPORE closed mixed, discouraged by further losses in Tokyo. Volume, including the over-the-counter Malaysian shares, was a sparse 89.7m and the preliminary Straits Times index gained 0.98 to 1,552.45.

The market rose in the morning, as investors conveyed their general approval of Friday's budget. Profit-taking forced share prices lower in the afternoon.

SEOUL plunged and the Korea composite index closed at 865.22, down 16.22 from Saturday's half-day session when it fell 2.63. Volume was moderate at 12.7m shares.

The market began with a sharp downturn, due largely to investors' doubts about the effectiveness of the Government's market-boosting measures announced on Friday.

The index was down 9.21 points at noon and fell further in the afternoon, on continued concerns about poor economic fundamentals, which investors believed were too negative for the measures to be effective.

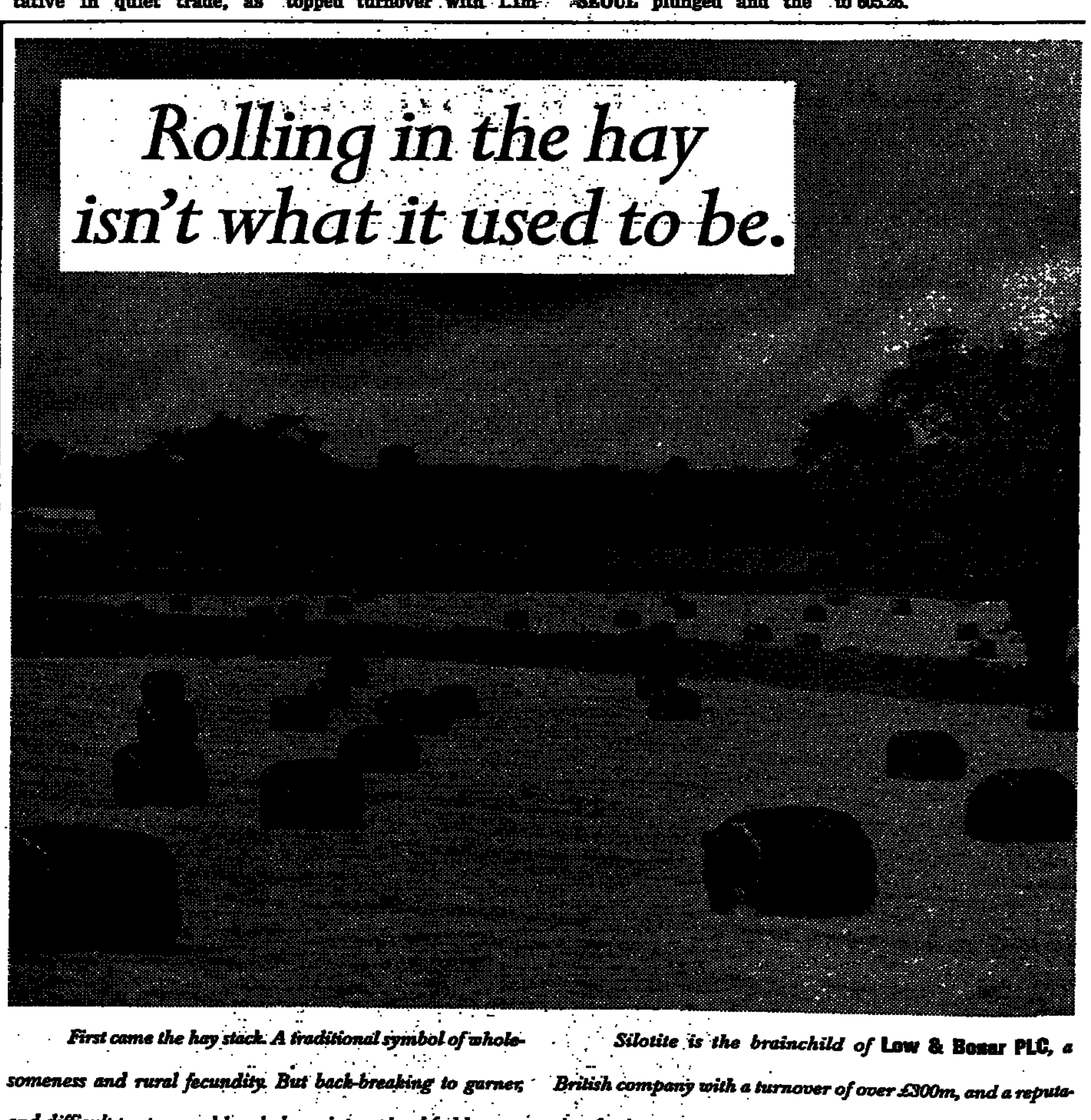
TAIWAN was driven down by continued political uncertainty. The weighted index, which declined 136.36 on Saturday, fell another 281.27 to 11,019.36 on volume of 651m shares.

On Sunday, a group from the governing Nationalist Party endorsed Lin Yang-kang to challenge President Lee Teng-hui in the election later this month.

KUALA LUMPUR's composite index edged up 1.62 points to 805.26.

SOUTH AFRICA

A DECLINE in the financial rand helped Johannesburg stocks wipe out early losses yesterday. De Beers, the diamond stock, continued to rise, adding R3 to R74.



First came the hay stack. A traditional symbol of wholesomeness and rural fecundity. But back-breaking to garner, and difficult to store and break down into animal fodder.

Then there were square bales, like building blocks. Today it's the "swiss roll" enrobed in a film of **Low & Bonar's** *Silotite. Developed and tested in 1985, Silotite has led a dramatic revolution in the baling and ensilage of grass. It means less labour, easier handling, and enhancement of the nutritional value of the forage. It eliminates pollution from silage effluent and is environmentally friendly. It also keeps rats out, by the by.*

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY MARCH 2 1990						THURSDAY MARCH 1 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	139.31	−0.6	125.10	121.71	−0.3	5.54	140.18	124.79	122.10	160.41	128.28	138.63
Austria (19)	263.17	−0.6	236.33	235.09	−0.2	1.13	264.78	235.70	235.55	266.46	92.84	101.84
Belgium (61)	134.84	+0.1	121.09	118.55	+0.4	4.71	134.70	119.91	118.09	160.02	125.58	132.60
Canada (120)	140.42	+0.1	126.10	121.41	+0.4	3.36	140.24	124.84	120.90	154.17	124.67	133.09
Denmark (36)	244.10	+0.7	219.20	218.29	+0.9	1.47	242.48	215.85	216.35	260.82	165.35	167.12
Finland (26)	147.83	+0.6	132.75	124.56	+0.8	2.33	146.89	130.76	123.62	159.16	118.63	143.66
France (125)	143.74	+1.1	129.08	131.00	+1.4	2.87	142.18	126.57	129.19	157.97	112.57	115.68
West Germany (96)	123.76	+0.3	111.13	110.60	+0.5	1.92	123.41	109.85	110.03	137.01	79.56	85.73
Hong Kong (46)	118.91	−1.1	106.78	120.61	+0.1	4.84	120.18	106.98	120.48	140.33	86.41	128.79
Ireland (17)	187.48	−0.3	168.35	170.21	+0.1	2.47	188.09	167.43	170.11	198.57	125.00	143.41
Italy (96)	92.41	+0.6	82.98	87.54	+0.9	2.62	91.85	81.76	86.79	102.11	74.97	80.48
Japan (455)	162.71	−0.5	146.12	154.54	−0.1	0.53	163.48	145.52	154.64	200.11	159.43	193.50
Malaysia (36)	236.12	+0.5	212.03	246.07	+0.5	2.17	235.00	209.19	244.91	245.32	143.35	154.81
Mexico (13)	379.58	−1.1	340.86	1133.41	−1.1	0.46	383.63	341.50	1145.51	393.90	153.32	155.17
Netherland (43)	131.81	+1.1	118.36	116.47	+1.3	4.74	130.43	116.10	114.95	145.66	110.63	113.61
New Zealand (18)	65.09	+0.7	58.45	58.71	+0.5	5.87	64.62	57.52	58.40	88.18	61.96	71.72
Norway (24)	234.16	+0.9	210.28	208.98	+1.0	1.57	232.18	206.68	206.97	241.98	139.92	172.41
Singapore (26)	192.38	+0.5	172.76	166.14	+0.5	1.75	191.36	170.35	165.26	199.38	124.57	140.31
South Africa (60)	199.40	+0.6	179.06	157.63	+0.9	3.56	198.29	176.52	156.20	251.39	115.35	129.57
Spain (43)	147.05	+0.1	132.05	122.49	+0.4	4.29	146.90	130.76	121.97	169.75	143.14	144.22
Sweden (35)	180.28	−0.9	161.89	164.40	−0.8	2.24	181.99	162.00	165.69	206.95	138.45	153.94
Switzerland (62)	92.40	+0.6	82.97	86.67	+1.0	2.15	91.87	81.78	85.78	99.12	67.81	78.17
United Kingdom (306)	151.16	−0.2	135.74	135.74	+0.6	4.77	151.51	134.87	134.87	164.31	133.28	148.35
USA (542)	135.97	+0.9	122.10	135.97	+0.9	3.50	134.80	119.99	134.80	146.29	112.13	118.63
Europe (989)	136.01	+0.2	122.14	121.86	+0.7	3.57	135.71	120.80	120.96	146.66	112.63	118.64
Nordic (121)	186.97	+0.0	167.89	162.03	+0.2	1.86	186.97	166.44	161.75	201.89	137.95	146.96
Pacific Basin (687)	160.23	−0.5	143.88	151.90	−0.1	0.80	160.99	143.31	152.01	194.72	157.05	188.51
Euro – Pacific (1656)	150.79	−0.2	135.41	140.09	+0.2	1.82	151.11	134.52	139.77	174.18	141.56	160.56
North America (662)	136.14	+0.8	122.25	135.05	+0.8	3.49	135.03	120.20	133.92	146.66	112.79	119.40
Europe Ex. UK (683)	125.47	+0.5	112.67	113.22	+0.8	2.78	124.81	111.10	112.31	135.73	96.30	100.29
Pacific Ex. Japan (212)	130.01	−0.5	116.75	118.26	+0.0	4.86	130.71	116.35	118.31	140.05	111.93	126.86
World Ex. US (1849)	151.03	−0.2	135.63	139.94	+0.2	1.89	151.33	134.71	139.60	173.77	141.49	159.29
World Ex. UK (2085)	143.99	+0.2	129.30	138.77	+0.4	2.17	143.72	127.93	138.18	162.00	136.98	143.18
World Ex. So. Af. (2331)	144.28	+0.1	129.56	138.32	+0.4	2.41	144.07	128.24	137.71	161.84	136.67	143.71
World Ex. Japan (1936)	136.71	+0.5	122.77	130.32	+0.8	3.58	135.99	121.06	129.33	145.52	114.51	119.65
The World Index (2391)	144.61	+0.1	129.86	138.45	+0.4	2.42	144.39	128.54	137.84	162.05	136.68	143.62

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Trading on the Helsinki exchange has been reduced following a banking employees dispute.
Latest prices were unavailable for this edition.